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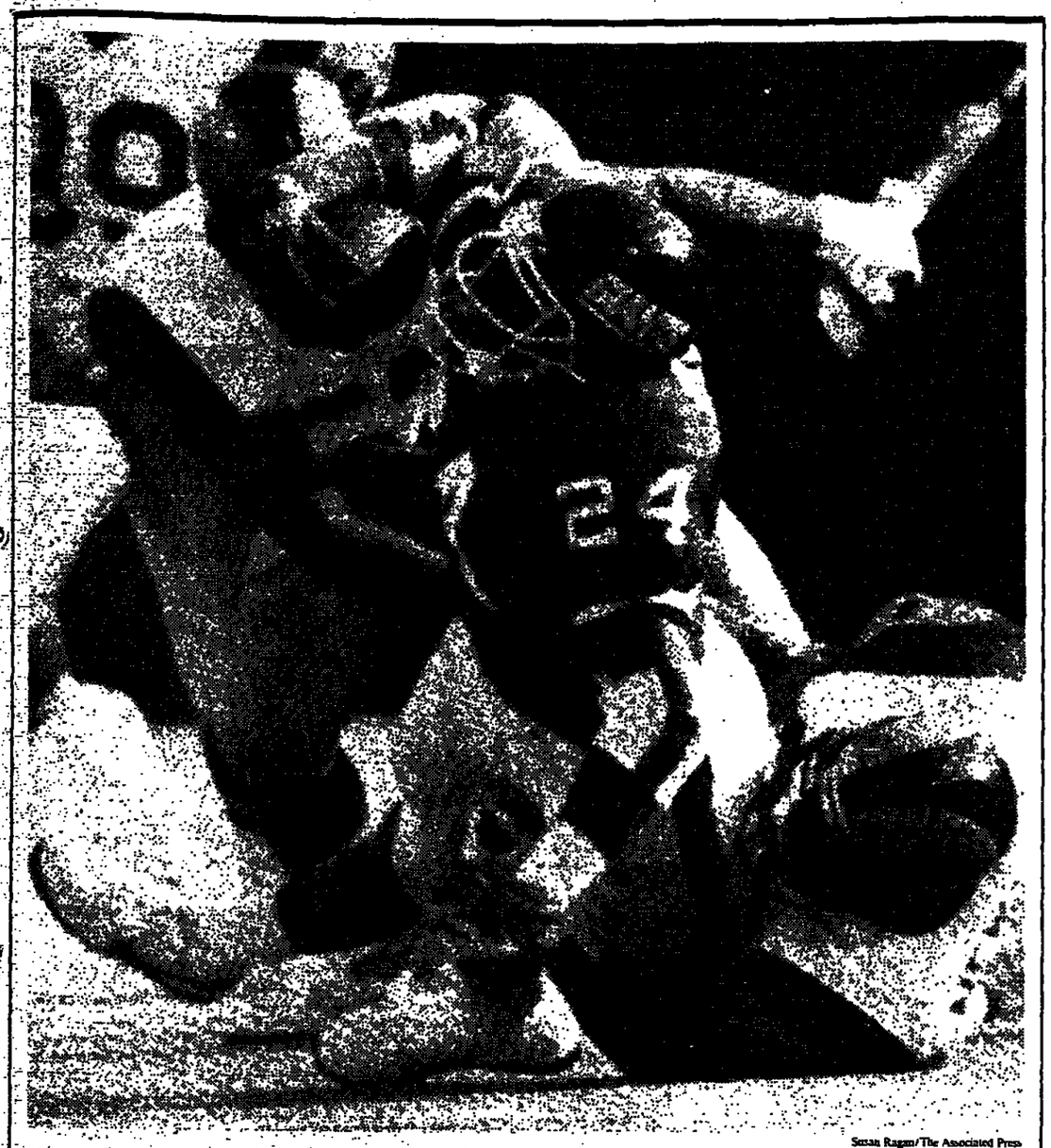
Algeria 6.00 Dn. Israel NIS. 3.00 Oman 1.000 Rials
Austria 23 S. Italy 2.000 Lire Portugal 170 Esc.
Bahrain 0.800 Din Jordan 1 JD Qatar 8.00 Rials
Belgium 50 B.Fr. Kenya Shs. 35 Rep. of Ireland .80 P.
Cyprus C.£ 1.00 Kuwait 500 Fils Saudi Arabia 7.00 R.
Denmark 12.00 D.Kr. Lebanon U.S.$1 10 Spain 165 Ptas
Egypt E.P 3.250 Libya 1 Din. 0.80 Sweden 10.00 S.Kr.
Finland 9.00 F.M. Luxembourg 50 L.Fr. Switzerland 2.60 S.Fr.
France 8.00 F. Madeira 175 Esc. Tunisia 1.000 Din
Germany 2.80 D.M. Morocco 10.00 Dh. Turkey T.L. 3,200.00
Great Britain £0.70 Netherlands 3.00 Fl. U.A.E. 8.00 Dirh
Greece 170 Dr. Norway 10.00 N.Kr. U.S. Mil. (Eur.) $0.85
Iran 115 Rials Nigeria 10.00 Naira Yugoslavia 201,500 D.



Susan Ragan/The Associated Press

A Running Start Falls Short in the NFL Playoffs as Rams Beat Giants

Ottis Anderson on an 11-yard gain Sunday for the New York Giants in the National Football League playoffs. But the Los Angeles Rams beat the Giants, 19-13, following victories by the San Francisco 49ers and the Cleveland Browns. Page 23.

China Vows to Crush Any Rally

Leaders, Reacting to Romania Events, Harden Resolve

By Daniel Southerland
Washington Post Service

BEIJING — Thousands of workers have sought permission to publicly air grievances over China's economic austerity program, but the Communist leadership has ordered security forces to use "whatever force is necessary" to crush worker demonstrations, party sources said.

The uncompromising stance on protests represents the harder line taken by China's leaders after the overthrow of Nicolae Ceausescu in Romania.

Mr. Ceausescu's downfall has created tension in Beijing and an expectation that student and worker unrest could erupt. The Chinese leadership apparently fears that Eastern Europe's rapid political change could spark a revival of last spring's democracy movement in China.

Workers have been told that they must "live frugally for a few years" in support of a program aimed at fighting inflation. The program has succeeded in lowering the inflation rate, but it has also reduced production and profits and cut into worker incomes.

Party cadres have told workers in political study sessions that President Mikhail S. Gorbachev of the Soviet Union, with his liberalizing views, has had a bad influence on China and on other countries.

Sources with access to party documents said, meanwhile, that at a recent meeting the ruling 15-member Politburo discussed economic pressures on the populace and possible means of averting street demonstrations by angry workers. Economic experts participated in the meeting, the sources said.

In the current atmosphere of repression in Beijing, it appeared highly unlikely that the government would grant workers permission to demonstrate.

Chinese sources said that the party put security forces on alert in Beijing following the overthrow of Mr. Ceausescu. High-ranking police and military officers nationwide have had their leaves canceled. Party sources said that one reason was to restrict the exposure of army officers to worsening economic conditions and worker discontent.

Many intellectuals believe that the country's Communist leadership can be overthrown only if army officers side with dissident forces, such as students and workers, as happened in Romania. During the crackdown against the student-led democracy movement in June, there were signs of tensions in the military; some officers declined to deploy troops against students and workers.

The police recently increased surveillance on university campuses, but students celebrating the Ceausescu overthrow nonetheless posted a number of illegal lampoons saluting the people of Romania and drawing parallels between the Ceausescu dictatorship and Chinese rule.

China's newly enacted law on demonstrations prohibits virtually all public protests. The military can enforce bans on "anti-socialist" gatherings in Beijing, but rumors spread last week that students in the capital might try to demonstrate Monday in support of democratic movements in Eastern Europe.

Jan. 8 is the 14th anniversary of the death of the much admired former prime minister Zhou Enlai.

Some sources say, however, that the leadership's deepest fear is not of student demonstrations but of worker discontent, because of the

See CHINA, Page 2

Warships Irritate Bogotá

2 American Ships Placed Off Coast For Drug Action

Compiled by Our Staff From Dispatches

BOGOTA — Colombia said Sunday that it had no intention of joining U.S. forces in anti-drug patrols off its coast and indicated the presence of U.S. warships in international waters off Colombia was unwelcome.

Two U.S. Navy ships, the aircraft carrier John F. Kennedy and the guided missile cruiser Virginia, left their U.S. bases Thursday and will soon be off the coast of Colombia, a White House spokesman said, but a Bush administration official denied that any blockade was planned.

U.S. officials said the use of the ships in anti-drug efforts was to be discussed with Colombian officials, but one U.S. official acknowledged Sunday that the Bush administration had yet to discuss the operation with Colombian leaders.

The U.S. Embassy in Bogotá said that the current mission was intended only to interdict drugs and not to block legitimate traffic into and out of Colombia.

A Colombian government statement published Sunday in the newspaper El Tiempo said Colombia had not agreed to participate in any joint anti-drug smuggling action with U.S. forces.

"The government has not participated nor will it participate in any maneuver in international waters of the Caribbean Sea with U.S. naval or air forces," the statement said. "The government has not authorized any operations nor has it considered authorizing them."

President George Bush said Sunday that the issue of U.S. warships off Colombia would be addressed in the future and that Washington was unaware yet of any negative reaction from the government of Colombia. *(UPI, AP, Reuters)*

■ U.S. Cites 'Difficulties'

Al Kamen of The Washington Post reported from Washington:

A senior Bush administration official said Sunday "there have been some difficulties" in securing Colombia's cooperation with the plan.

But Mr. Bush's national security adviser, Brent Scowcroft, said that Colombian officials had reacted "to premature and inaccurate leaks" when they apparently voiced objections to the U.S. proposal, adding that "I think it'll work out."

Administration officials said Sunday the diplomatic imbroglio between the U.S. and Colombia began about two weeks ago when Colombian radio stations reported the proposed naval deployment and described it as a blockade.

The resulting outcry in Colombia prompted U.S. officials to hold the plan in abeyance and send a briefing team to explain the proposal last week, but the Colombians declined to meet with them, according to one official.

Another U.S. official said there had been "no execute order yet" from Mr. Bush to start the surveillance activities, although he said that Mr. Bush's approval was expected within the next two weeks. The aircraft carrier Kennedy had been scheduled to go to the region for routine exercises, the official said.

Administration officials said that the plan called for various U.S. ships to rotate off the Colombia coast. There was no authorization, officials said, for "hot pursuit" into Colombia or shooting down planes.

Mr. Scowcroft, appearing on *ABC television, said, "What we* would be doing is, if we did anything down there, would be a cooperative effort."

■ A Ground Role for Radar

Earlier, Bernard E. Trainor of The New York Times reported from Washington:

Administration officials said the

See DRUGS, Page 5

Romania Students Speak Out

By Jonathan C. Randal
Washington Post Service

BUCHAREST — Romanian students who played a prominent role in the overthrow of President Nicolae Ceausescu rallied Sunday in the thousands to complain that the new authorities were taking them for granted.

Echoing sentiments that other Romanians are beginning to voice privately, the students criticized the governing National Salvation Committee for secretiveness despite its proclaimed goal of leading the country to democratic elections in April.

Leaders of Romania's interim government, apparently mindful of such criticism, allowed representatives of the conservative National Peasant Party-Christian Democrats and the Liberal Party to speak on television Sunday night for the first time in more than 40 years. But the authorities face more criticism from the youthful supporters who helped put them in power than from the aging representatives of parties whose roots go back before World War II.

Officials repeatedly have expressed exasperation with what they see as the students' lack of realism. But the government on Saturday postponed examinations scheduled for Jan. 26 after the students contended that participating in the uprising had interrupted their studies.

Orator after orator at a meeting at the Polytechnic Institute, whose students led the uprising in Bucharest on Dec. 21, expressed dismay at the style of governing of the 11-member executive council.

One of the National Salvation Committee's four student members, Marian Mierla, told a crowd that initially booed him, "I am not speaking as a student representative" and "I ask myself what I am doing there."

"I have only a decorative role and all decisions are made without me," he said.

He said he had been appointed only because he happened to be at the television building on Dec. 22 when the National Salvation Committee was formed and needed student members.

"We have the impression this government is hiding from the people. We are afraid of their socialism with a human face," he said, borrowing the slogan of the Czechoslovak Communists whose yearnings for parliamentary democracy were crushed in the Prague Spring in 1968.

"We don't want their socialism at all," Mr. Mierla said.

Even more outspoken was a student of a delegation from Timisoara, the western Romanian city where the uprising began.

Noting that the government had

See PROTEST, Page 5

Ceausescu's order to kill seemingly sealed his downfall. Page 4.

Moscow offers aid to Bucharest and rules out interfering. Page 4.

E. Rotaru/Agence France-Presse

Students waving a Romanian flag and calling for revisions in the educational system during a demonstration Sunday in Bucharest.

U.S. Studies Gysi Plan for Troop Pullout

By Fred Farris
International Herald Tribune

WASHINGTON — U.S. officials said Sunday that they would look into a proposal from the East German Communist leader, Gregor Gysi, that all foreign troops withdraw from both Germanys by 1999.

Brent Scowcroft, the national security adviser to President George Bush, said the United States would consider the possibility of further reductions of Soviet and North Atlantic Treaty Organization troops "as the situation in Europe changes."

Mr. Scowcroft noted U.S. proposals at Vienna talks on conventional arms for cutbacks in U.S. and Soviet forces in Europe to 275,000. "Lower numbers in consultation with our allies could certainly be contemplated," he said in a television interview.

Washington weighs softening a demand for monitoring in a conventional arms treaty. Page 3.

In another television interview, Lawrence S. Eagleburger, deputy secretary of state, was asked about Mr. Gysi's proposal Saturday for a halving of West and East Germany's military forces and the withdrawal of outside forces by the end of the 1990s.

He was asked whether the United States has any control over what is happening to the Germanys.

"Control is the wrong word," Mr. Eagleburger said. "I think we have influence. I think the British, the French, the Soviets and, indeed, all of the countries around the German states have some influence.

"I don't think that the German government, particularly the West German government, is going to rush beyond what they think their friends and their allies are going to be prepared to accept."

The United States, he said, has made clear for years that it believes in German reunification.

"And I don't think we will, by any means, stand in its way," he said. "We have said that we want it to be a process that moves carefully, and one that in fact avoids conflict."

"I'm not at all worried about the ability of the two Germanys, particularly the Federal Republic, to deal with the process in a sensible way," he added.

A West German Defense Ministry spokesman said on the weekend that any troop reductions by Bonn would have to be agreed to by the Warsaw Pact and NATO and nego-

See ARMS, Page 5

Kiosk

Syria Pledges Lebanon Exit

DAMASCUS (WP) — Syria has given a written pledge to Saudi Arabia and other Arab states that once a Lebanese government takes over under the Muslim-Christian accords signed in October, Damascus will pull its troops out of Beirut and later negotiate full withdrawal from Lebanon, diplomatic sources said Sunday.

MONDAY Q&A

Reuters

James D. McGregor says Beijing is blocking a smooth 1997 transition for Hong Kong. Page 2.

General News

Singapore authorities hope the Year of the Horse will bring a baby boom. Page 2.

Business/Finance

Bond Corp. failed to convince U.S. creditors to give it more time for a payment. Page 7.

Crossword Page 5.

Threats Reportedly Got Noriega Refuge

Compiled by Our Staff From Dispatches

ROME — The Vatican allowed General Manuel Antonio Noriega into its Panama mission only because he threatened to order massacres, a papal envoy was quoted as saying Sunday.

"He gave me 15 minutes to decide," said the papal nuncio in Panama, Archbishop José Sebastián Laboa. "Either I welcome him or else he would immediately unleash guerrilla warfare in the region of Chiriquí. He threatened massacres." Chiriquí is a western province.

"My first reaction was to contact the Holy See," Archbishop Laboa told the Rome newspaper Il Tempo. "But that wasn't possible. I took the terrible decision."

He added that he immediately informed General Marc Cisneros of the U.S. Army Southern Command. "It left him speechless. For them it was a humiliation."

General Noriega, 51, surrendered to U.S. troops outside the mission Wednesday and was flown to Florida. He made his first court appearance Thursday in Miami on drug charges filed in 1988.

Dick Cheney, the U.S. defense secretary, rejects the notion of a "Bush doctrine." Page 3.

Panama struggles to count, and classify, its dead. Page 3.

He refused to enter a plea or to acknowledge the court's jurisdiction, so U.S. District Judge William M. Hoeveler entered a not-guilty plea for him. General Noriega also waived his right to a bond hearing.

In Miami, one of the general's attorneys described him as "upbeat" over the weekend.

The Miami indictment filed in February 1988 details at least $4.6 million in payments that General Noriega allegedly received for protecting shipments of cocaine and drug money, for harboring drug dealers and for selling seized ether and acetone to Colombian traffickers for use in making cocaine.

According to a separate indictment in Tampa, General Noriega agreed to protect two marijuana shipments totaling 1.4 million pounds (635,000 kilograms), for which he received $1 million.

The general could be sentenced to a maximum of 145 years in prison and $1.1 million in fines on the drug charges in Miami.

In Panama City, a government decree Friday dismissed General Noriega as commander in chief of the Defense Forces and stripped him of his rank as general.

And a Cuban Embassy official said Sunday that the general's wife and daughters, still in the Cuban ambassador's residence, are seeking safe passage, possibly to the Dominican Republic.

The diplomatic corps of the new government of President Guillermo Endara, meanwhile, has begun to establish relations in Washington and among multinational organizations.

So far, Mr. Endara's government has established official ties with the United States and 16 other nations; Japan joined the group on Friday. Notably absent are Latin American nations other than Costa Rica, El Salvador and Guatemala.

On Wednesday the Organization of American States, despite its initial opposition, accepted the credentials of Mr. Endara's envoy, Lawrence Fabriga Chewning.

(Reuters, UPI, AP, LAT)

Cambodians Act to Shed Puppet Label

By Robert Pear
New York Times Service

PHNOM PENH — Three months after the announced withdrawal of Vietnamese occupation troops, the government of Prime Minister Hun Sen has taken steps to establish Cambodia as a reviving nation ready to cast off the image of a puppet regime and to win international recognition, especially in the West.

The Cambodian government, under attack by United States-backed guerrillas, has tried to broaden its base by including many people who served in the non-Communist governments of Prince Norodom Sihanouk and Lon Nol in the 1960s and 1970s.

In addition, the government is discarding communist dogma in favor of free-market economic principles, now on display at hundreds of privately owned shops throughout the city.

Washington has no diplomatic relations with the government here, which it describes as a "puppet regime" installed by Vietnamese Army invaders in January 1979. The United States supports a guerrilla coalition that is trying to unseat Mr. Hun Sen.

Kung Sam Ol, a deputy prime minister, said the characterization of the government as a puppet regime was "out of date." Cambodian officials say Vietnam has withdrawn all its troops. While expressing gratitude to Hanoi for having rescued them from the Khmer Rouge, Cambodians say the historic animosity between the two peoples would make it impossible for the Vietnamese to establish a permanent presence here.

Cambodian officials repeatedly affirmed their intention to hold national elections this year or in early 1991, and they said they would welcome observers from the United States and other countries.

Chhang Song, a former government official who now is a naturalized U.S. citizen and has just concluded a visit here, has emerged as a pivotal figure in Cambodian politics and as an important link to the West for a nation ostracized by most Western governments.

He urged the Phnom Penh government to hold elections monitored by Western observers who could assess their fairness. In discussions with Cambodian officials, he also encouraged the formation of an opposition party.

Mr. Chhang Song, who served as Cambo-

See CAMBODIA, Page 5

Guerrillas Report Raid

Agence France-Presse

BANGKOK — The Khmer Rouge, pressing an offensive on Cambodia's Hanoi-backed government forces, said Sunday that their guerrillas had attacked Battambang, the country's second largest city, leaving it "burning brightly."

In a broadcast monitored here, the Khmer Rouge said that attacks on the city were continuing. The city is a provincial capital in the northwest with about 200,000 people.

The radio reports could not be immediately confirmed independently; many Khmer Rouge assertions have been exaggerated.

Action on Lira Buys Time for EMS

Move Eases Tension Over Whether to Revalue the Mark

By Carl Gewirtz
International Herald Tribune

PARIS — Friday's effective 4 percent devaluation of the lira makes an important contribution to Europe's most pressing monetary debate: Will West Germany's frequently expressed desire for an increase in the value of the Deutsche mark be satisfied?

The change in the lira's value — expected to have only a small economic impact on Italy — lessens the likelihood of an immediate showdown over whether Germany will get its way.

Long the weakest of the nine European currencies linked in the fixed exchange-rate European monetary system, the adjusted lira will ease the strains within the EMS and thus remove immediate pressures for a community-wide readjustment of currency values.

"The Italian move buys time," said Christopher Potts, an economist for Banque Indosuez in Paris.

It wins time for the Bank of Italy in its struggle to force politicians to begin dealing with the Italy's mammoth budget deficit — nearly 10 times larger relative to the size of the economy than France's. But more importantly, Mr. Potts added, "it buys time in the talk for a general realignment."

For Italy, the move is seen as a delaying tactic. With annual inflation running four times faster than West Germany's and double the pace in France since the last EMS-wide change of currency values in 1987, analysts believe that Italy needs a much larger devaluation than 4 percent to restore its lost competitiveness.

Analysts added that the Danish krone and the Spanish peseta also need to be devalued.

But the justification for a revaluation of the Deutsche mark, which is what would occur in a general realignment, is less certain and strongly opposed by the French, who say that the franc would follow the mark up if it were revalued.

The issues at stake in the valuation of the mark are large. The political issue is whether the European Community countries are ready for the monetary union — implying much less economic sovereignty — being urged by the EC Commission.

The British are openly reluctant and the Germans are ambivalent, but the other 10 members are enthusiastic supporters. However, an inability to agree on policies to sus-

See LIRA, Page 9

Hong Kong Legislator Sees an Alarmed Beijing Digging In

James D. McGregor became one of the first elected members of Hong Kong's Legislative Council in 1988. A 20-year veteran of the local administration and a former director of the colony's General Chamber of Commerce, he is now a private consultant. He spoke with Patrick L. Smith of the International Herald Tribune.

Q. China's attack last week on Britain's nationality plan for Hong Kong seems to have been a turning point. Beijing does not seem to care any longer whether Hong Kong remains prosperous and stable. Do you agree?

A. In the short term, that's probably correct. The present regime in China is by no means popular — certainly not internationally and almost certainly not internally. Given the restrictions that had to be placed on the economy, this would have been true of any government in China. But the Tiananmen incident last June had a very direct effect, not only on the attitudes of Hong Kong people; it also alerted the new hard-line leadership of the danger to their ideological position that Hong Kong represents.

In the present situation, they do see Hong Kong as a center of intrigue and counter-propaganda, as it were — as a center, possibly, of subversion. They've imagined part of it, but the Chinese see a

MONDAY Q&A

serious danger in Hong Kong if we're allowed to go forward into a more democratic system. Faced with heavy pressure for some degree of democratization in China, the leaders are now doing what they feel is necessary to protect their own personal positions.

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Q. And the long term?

A. Longer term, Hong Kong will have no possibility of making a successful transition to a capitalist enclave in China unless the policies — and possibly the government in China — change, quite dramatically and relatively soon. You know the figures: 40,000 to 50,000 people a year have been leaving Hong Kong. And that has been during, if you like, the good times, when the perception was that China was moving down a more democratic road.

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Q. In a recent report to Washington, the U.S. Consulate General here criticized Hong Kong's efforts to stem the emigration problem. Government hospitals are contemplating cutting what they call "relatively nonessential services" because of a chronic shortage of doctors and nurses. What is in store here?

A. That depends on China. There's nothing the Hong Kong government can do and there's not much Britain can do to increase the level of confidence in Hong Kong's middle class. Only Beijing can do that. China has taken to a course of bullying and hectoring. They see the force of democracy in Eastern Europe, and they are determined not see the same thing happen here.

If countries keep their immigration quotas open, we're going to continue losing very large numbers of people from our middle class. These people perform essential services. And *they* are our future leaders.

Q. China is obviously upset about the nationality bill [which would provide full British citizenship to up to 225,000 Hong Kong Chinese]. At the same time, it is criticized here for not being enough.

A. That was inevitable. As a "Brit," if you like, in the Legislative Council, I knew from the outset that the citizenship rights of 3.25 million Hong Kong people [which Britain withdrew in 1962] could not be restored.

Q. But is 225,000 enough?

A. No, but it's not a bad beginning. Let's assume there are a million people in Hong Kong's middle class. If you're looking at the middle class alone, that's about a quarter. Other countries have to be persuaded to offer similar support, especially those with extensive business ties in Hong Kong. The nationality plan does two things: It tells China that these are foreign nationals with the right to go if it breaks promises, and it prevents many valued people from holding elected office or high positions in the administration under Chinese sovereignty.

Q. Douglas Hurd [the British Foreign Secretary] is coming later this month. What should he do?

A. Mr. Hurd is a professional. I hope he'll take away the clearest possible message that the British government has to stand firm with China. There are things that have to be done. One is the nationality issue, which must not stall in the House of Commons. And we hope that the pace of democratic reform proposed by the Legislative Council will be accepted. We've proposed 20 elected seats for 1991. That's already ahead of the 1997 formula China proposes, which is 18 seats.

Q. What is the point of the "Bill of Rights" Britain promised Hong Kong last year? London promised it would be paramount over all other legislation, but China has objected and the draft may now be watered down.

A. The same question arises in all of our minds. Since China says, "No, the Chinese law will be superior," it's only a bill indicating what rights should be. Success or failure in all such matters now lies with China. And at the moment, I have very little confidence in what China is saying and doing.

Politics as a Household Word

Wife of Japanese Legislator to Run Against His Party

By Fred Hiatt
Washington Post Service

TOKYO — If conservative leaders here thought they had weathered the Japanese women's revolt, they were jolted out of that presumption recently when the rebellion reached into the home of one of their party's legislators.

Makiko Hamada, 47, the wife of a 10-year veteran of the Japanese Diet, announced last month that she would run for the Diet herself in elections expected next month — *against her husband's party.*

No one was more astonished than her husband, Takujiro Hamada, 48, who said he was pained by his wife's announcement and would do everything he could to stop her.

The couple's son, a Boston University student, also seemed nonplussed, exclaiming that he was 60 percent for his mother and 40 percent for his father. And the ruling Liberal Democratic Party, its 35-year grip on power threatened by women voters' anger at sex scandals and a new consumption tax, was apoplectic.

Makiko Hamada seemed delighted by the fuss. In a recent interview, she said she had spent months trying to persuade her husband to leave the Liberal Democrats, which she said was too big, too old, too arrogant and too corrupt for a man of his talents. When he lacked the courage to make the break, she said, she broke instead.

"This has nothing to do with my marriage," she said. "To love him as a man, that is completely different. I love him so much because I see him as an independent man."

The Liberal Democrats, a conservative, faction-ridden party dedicated to capitalism and close U.S.-Japanese ties, lost control of the upper house of the Diet, or parliament, in elections last July for the first time since 1955. One major factor: Female voters deserted the Liberal Democrats in droves for the Japan Socialist Party, which fielded dozens of women candidates and is led by a woman, Takako Doi.

Prime Minister Toshiki Kaifu is expected to call elections for the more powerful lower house next month, and his Liberal Democratic Party seems confident that voter discontent has peaked.

But Mrs. Hamada said that many Japanese women, like herself, were still fed up.

"Voters have started thinking for themselves," she said. "They're not going to listen to my husband, or to their company, or to their union."

Mrs. Hamada said she hoped to start a new conservative party that would compete with and invigorate the Liberal Democrats without moving Japan toward socialism. If she succeeded, she said, it would be good for her husband in the long run.

"Politicians like my husband, who are very serious about policy, have no home in the LDP," she said. "So I don't think I'm doing anything bad to my husband."

Mrs. Hamada will run in a neighboring constituency, not directly against her husband, but against a Liberal Democratic candidate from the same faction. She did not tell her husband of her decision ahead of time because she feared he would dissuade her.

"He can be very noisy, very persistent," she said.

When he talked with her by telephone after hearing the news from reporters, she said, simply, "I went and did it."

He replied, "What a headache."

Makiko Hamada, the niece of a former Diet member, became a flight attendant for Japan Air Lines in 1960. After a year, she left the job to attend Tokyo University, where she earned a degree in literature.

She also met her future husband. When he was graduated to become a Finance Ministry bureaucrat, she married him, not contemplating a career for herself.

As her husband advanced through the bureaucracy and then was elected to the Diet in 1980, Mrs. Hamada played the typical Diet wife, raising her son and working in the district on her husband's behalf. Gradually, she said, she found that the role did not satisfy her.

"I'm a bit tired of saying my husband's words through my mouth," she said. "I suddenly realized I had some things I wanted to say. After all these years of helping my husband, suddenly I noticed the politician in me."

Reuters

Makiko Hamada, announcing her candidacy as an independent.

Last summer the Liberal Democrats, after promising not to, forced through the Diet a 3 percent consumption tax that housewives found particularly onerous. A prime minister and a cabinet minister had to resign after disclosures that they had paid for sex with a geisha and a bar girl. And many Liberal Democrat leaders found themselves in a malodorous stock-and-bribery scandal.

"As long as the system is unchanged, this kind of scandal will happen again and again," Mrs. Hamada said. "I tried and tried to persuade my husband that we need a new party, but I couldn't. So I decided to run myself."

U.K. Says Aide Held Secret Talks in Beijing

Agence France-Presse

LONDON — A personal adviser to Prime Minister Margaret Thatcher has secretly held talks in Beijing to discuss problems relating to the future of Hong Kong, the government announced Sunday.

And in Tokyo, officials said that the Chinese minister of machine-building and electronics industries, Zou Jiahua, was to make a visit that would end a seven-month suspension of high-level contacts, Foreign Ministry officials said.

A spokesman for Mrs. Thatcher *confirmed the secret visit after the* Sunday Correspondent newspaper reported on the talks.

Sir Percy Cradock, Mrs. Thatcher's top adviser on foreign policy, went to Beijing in early December for talks with Chinese officials, the spokesman said.

The spokesman refused to say whom Sir Percy had met or what he had discussed.

A diplomatic source in Beijing said the discussion must have centered on the British government's decision to grant British nationality to about 50,000 senior Hong Kong officials and their families — about 225,000 in all.

The move is intended to bolster the confidence of the British colony's population. But China has criticized it as a "gross violation" of the 1984 accord under which Beijing is to take control of Hong Kong from Britain in 1997.

Members of Mrs. Thatcher's Conservative Party, fearful of further immigration, have also warned that they will fight the move.

Several British Foreign Office envoys have visited Beijing since the repression of the Chinese pro-democracy movement in June, the government said.

CHINA:

A Harder Line

(Continued from page 1)

large number of workers and their potential to threaten the economy.

A Communist Party source who is briefed on leadership meetings said that China's senior leader, Deng Xiaoping, blames Mr. Gorbachev for creating the conditions of upheaval in Eastern Europe.

China does not want to be accused of reviving the Chinese-Soviet ideological clashes of the late 1950s. But party officials feel a need to explain to the public the danger, as they see it, of Gorbachev-style political change. They have warned party members and work-unit leaders against the liberal political concepts championed by Mr. Gorbachev.

In its approach to discontented workers, the party has shown both the carrot and the stick — offers to key factories of worker bonuses and increased compensation to those who have been laid off, and threats of retaliation against worker unrest.

But the South China Morning Post, based in Hong Kong, reported last week that workers in more than 30 Chinese cities had applied to carry out legal demonstrations involving a total of more than a half million workers.

Party sources could not confirm that figure but said that worker discontent was widespread and encompassed most provinces.

A Western diplomat said that workers in Chongqing applying to demonstrate listed slogans for the authorities that included: "We don't want democracy and freedom — we want food."

■ Mandatory Reregistration

Mandatory nationwide reregistration of Communist Party members will take place to purge those who supported last year's democracy movement and who continue to oppose its suppression, United Press International reported sources saying Sunday in Beijing.

A confidential document from the Central Committee recently specified that all members working for government institutions would be required to reapply for membership, the sources said.

WORLD BRIEFS

Clashes Escalate in Beirut and South

BEIRUT (AP) — Christian military forces and Syrian-backed Muslim militiamen traded mortar and tank fire across Beirut's dividing Green Line on Sunday for a second day, kindling fears of a new round of civil warfare.

In southern Lebanon, rival Shiite Muslim militias fought into a 16th day, despite a new call by their backers, Syria and Iran, for a cease-fire. The police said they had no casualty reports from the fighting Sunday in the south between the pro-Iranian Hezbollah and the Syrian-backed Amal, or from Beirut. Two Christian civilians were killed and two Muslims were wounded in Beirut on Saturday.

The call for a cease-fire in the south was made from Damascus by Foreign Minister Farouk Shara and the Iranian deputy foreign minister, Ali Mohammed Besharati. Mr. Besharati arrived in the Syrian capital on Saturday to seek a settlement to fighting among the Shiites, in which at least 77 people have been killed and 275 wounded since Dec. 23.

Party in Cuba to Liberalize Elections

HAVANA (Reuters) — Cuba's Communist Party has called for more participation by workers and more choice in the election of local leaders.

The newspaper Granma reported Saturday that party organizations with more than 15 members in workplaces and on farms would elect leaders by direct, secret vote. There would be more than one candidate for each post and the candidates would be proposed at meetings. It said the changes were a continuation of the "rectification" introduced since 1986 by President Fidel Castro to improve party structure and operation.

The article made no mention of recent changes in Eastern Europe, where popular opposition has stripped the party of its power monopoly in several countries. But diplomats and analysts said the changes seemed to reflect a determination that similar upheaval would not happen in Cuba.

Nicaragua Approves 6 U.S. Envoys

MANAGUA (AP) — Nicaragua has approved six entry visas for American diplomats, which will allow the U.S. Embassy to return to the minimum number of officers specified by international conventions, a Nicaraguan source said Sunday.

Twenty U.S. diplomats were expelled from Nicaragua on Dec. 29 after a raid by U.S. troops on the Nicaraguan ambassador's residence in Pana

Israeli Troops Kill Jordanian Soldier

JERUSALEM (Reuters) — Israeli troops shot and killed a Jordanian soldier Sunday after several days of sniper fire at the border, the army announced. It said the soldier, armed with an M-16 automatic rifle, was inside Israel.

In a statement, the army said troops searching the frontier along the Yarmouk River separating Israel and Jordan found the soldier near Hamat Gader, beyond the Israeli border fence but on Israeli territory.

Israel reported four incidents last week along the normally quiet border with Jordan, two of them shooting incidents on Thursday and Friday near Hamat Gader, a border tourist site.

Crippled Tanker Seeks Calmer Seas

MADRID (AP) — A crippled Iranian tanker that spilled about 70,000 tons of oil off the Moroccan coast has been towed past the Canary Islands in a search for calm seas to transfer its remaining cargo.

Morocco, Portugal, Spain and Cape Verde have turned away the Khark-5, which made an arc Saturday around the Canary Islands before heading south across open seas. The Dutch salvage company Smit Tak said it planned to tow the tanker toward "sheltered waters" with light wind and waves, then transfer about 200,000 tons of oil still inside to another Iranian tanker.

Smit Tak has been trying to find a haven for the Khark-5 since an explosion ripped open its hull on Dec. 19. Pollution experts said Thursday that nearly all the oil had dissipated and there was no danger of an environmental disaster.

For the Record

Chances for the launching Monday of the space shuttle Columbia have *been reduced by a worsening weather forecast, NASA said Sunday. (AP)*

A break in a four-foot (1.2-meter) water pipe in New York ripped a 40-by-35-foot crater in Fifth Avenue between 18th and 19th Streets and left about two dozen buildings without heat or hot water. *(NYT)*

TRAVEL UPDATE

Several U.S. Airlines to Raise Fares

NEW YORK (UPI) — Several U.S. airlines have announced that they will apply surcharges to regular fares because of higher jet fuel prices.

The rate increases, of up to $20 per ticket, will begin with tickets purchased this week. Jet fuel prices rose steadily last year to peak in the past few weeks of unusually cold weather.

Continental Airlines, United Airlines, Delta Air Lines and American Airlines said they would increase fares by 4 percent. TWA said tickets would cost $10 more for domestic flights of less than 500 miles (800 kilometers) and $20 more for flights of more than 500 miles. Northwest *Airlines applied a $12 charge to domestic fares. TWA and Northwest said* they were considering a surcharge for international flights as well as domestic.

Korean Air was allowed to use Soviet airspace Sunday on a flight from Seoul to Paris. The Soviet Union had banned South Korean flights since 1983, when Soviet fighters shot down a Korean Boeing 747 that strayed into Soviet airspace. *(Reuters)*

Engineers of the Spanish national rail company reduced service between major cities Sunday as Spaniards returned home after the Epiphany holiday, management and union officials said. The 24-hour strike, the third since Christmas, supported demands for a pay increase. *(AP)*

The Leaning Tower of Pisa was closed to tourists for the first time in its 800-year history on Sunday for restoration work. It will be closed for at least three months. *(Reuters)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Colombia
TUESDAY: Panama
WEDNESDAY: Sri Lanka
THURSDAY: Albania, Puerto Rico, Nepal
FRIDAY: Tanzania
SATURDAY: Togo
SUNDAY: Sri Lanka

Source: Morgan Guaranty Trust Co., Reuters

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	5	41	1	34	r
Athens	13	55	5	41	r
Barcelona	11	52	4	39	r
Belgrade	4	39	-1	30	sn
Berlin	3	37	-1	30	sn
Brussels	6	43	1	34	r
Budapest	3	37	-2	28	sn
Copenhagen	2	36	0	32	sn
Costa Del Sol	16	61	8	46	r
Dublin	7	45	3	37	r
Edinburgh	6	43	2	36	r
Faro	16	61	8	46	r
Florence	7	45	2	36	r
Frankfurt	3	37	0	32	c
Geneva	4	39	0	32	c
Helsinki	0	32	-3	27	sn
Las Palmas	22	72	17	63	c
Lisbon	14	57	6	43	r
London	10	50	4	39	r
Luxembourg	1	34	-1	30	sn
Madrid	11	52	1	34	r
Milan	7	45	0	32	r
Moscow	-1	30	-5	23	sn
Munich	3	37	-1	30	sn
Nice	13	55	9	48	r
Oslo	4	39	-1	30	sn
Paris	6	43	1	34	r
Prague	3	37	-2	28	sn
Reykjavik	1	34	-1	30	sn
Rome	13	55	7	45	r
Stockholm	2	36	-1	30	sn
Strasbourg	4	39	-1	30	sn
Venice	7	45	2	36	r
Vienna	3	37	-2	28	sn
Warsaw	1	34	-3	27	sn
Zurich	2	36	-1	30	sn

MIDDLE EAST

Ankara	---	---	---	---	---
Cairo	19	66	9	48	fr
Istanbul	---	---	---	---	---
Jerusalem	---	---	---	---	---
Tel Aviv	16	61	8	46	fr

OCEANIA

Auckland	---	---	---	---	---
Sydney	26	79	20	68	sh

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	33	91	24	75	sh
Beijing	4	39	-8	18	sn
Hong Kong	19	66	16	61	c
Manila	31	88	23	73	c
New Delhi	21	70	9	48	c
Seoul	2	36	-7	19	c
Shanghai	10	50	1	34	c
Singapore	31	88	23	73	t
Taipei	18	64	16	61	sh
Tokyo	9	48	4	39	r

AFRICA

Algiers	18	64	3	38	fr
Cape Town	19	66	13	55	fr
Casablanca	17	63	7	45	c
Harare	25	77	17	63	t
Lagos	29	84	23	73	t
Nairobi	24	75	14	57	t
Tunis	14	57	4	43	r

LATIN AMERICA

Buenos Aires	34	93	23	73	t
Lima	27	81	20	68	t
Mexico City	22	72	5	41	c
Rio de Janeiro	30	86	23	73	fr

NORTH AMERICA

Anchorage	-8	18	-12	10	sn
Atlanta	10	50	7	45	r
Boston	2	36	-1	30	fr
Chicago	4	39	-9	16	fr
Denver	13	55	-2	28	fr
Detroit	5	41	-2	28	fr
Honolulu	28	82	20	68	fr
Houston	17	63	5	41	r
Los Angeles	22	72	10	50	fr
Miami	26	79	21	70	t
Minneapolis	4	39	-2	28	sn
Montreal	-1	30	-8	18	sn
Nassau	29	84	21	70	t
New York	5	41	0	32	fr
Phoenix	23	73	8	46	fr
San Francisco	14	57	9	48	fr
Seattle	11	52	7	45	r
Toronto	7	45	-5	23	fr
Washington	8	46	3	37	fr

cl-cloudy, fr-fair, hz-haze, r-rain, c-overcast, sn-snow, sh-showers, t-storm.

MONDAY'S FORECAST — CHANNEL: Slight to smooth. FRANKFURT: Cloudy. Temp 3 — 2 (38 — 36). LONDON: Partly cloudy. Temp 12 — 7 (54 — 45). MADRID: Fair. Temp. 13 — 3 (55 — 38). NEW YORK: Partly cloudy. Temp 8 — 1 (46 — 34). PARIS: Overcast. Temp 7 — 5 (45 — 41). ROME: Fair. Temp. 13 — 3 (55 — 38). TEL AVIV: Not available. TOKYO: Cloudy. Temp 2 — 1 (36 — 34). BANGKOK: Cloudy. Temp 33 — 23 (91 — 73). HONG KONG: Cloudy. Temp 20 — 18 (68 — 61). MANILA: Four. Temp 30 — 23 (86 — 73). SINGAPORE: Partly cloudy. Temp 31 — 24 (88 — 75). TOKYO: Fair. Temp 11 — 2 (52 — 36).

Singapore Hopes for a Prolific Year of the Horse

By Michael Richardson
International Herald Tribune

SINGAPORE — Procreation has become a serious business in Singapore in recent years since officials began warning that falling birth rates among the Chinese majority will have calamitous consequences.

So it is not surprising that the government of Prime Minister Lee Kuan Yew is relieved that the Year of the Horse is just around the corner.

Experts on Chinese customs say that the new lunar year beginning Jan. 27 is auspicious for births and likely to spawn a Chinese baby boom.

This is good news for a government worried that the sensitive multiracial balance in Singapore will be thrown awry by Malays and Indians reproducing faster than the Chinese.

The current Year of the Snake has been been a bad one for reproduction in Singapore, because some Chinese, who constitute 76 percent of the 2.6 million population, have resisted official exhortations — and financial incentives — to procreate.

After reversing a successful birth control program in 1987, the government has actively encouraged families who can afford it to have three or more children. In the last budget in March, for example, Richard Hu, the finance minister, announced a 20,000 Singapore dollar ($10,600) tax rebate for each new-born fourth child.

However, in a country that takes pride in rapid modernization, officials ruefully acknowledge that people are still influenced by an ancient belief in the power of the Chinese zodiac to shape the destiny of those born under its signs.

"Although each of the 12 animal symbols in the zodiac have plus and minus points, some people are biased against the snake," explained Evelyn Lip, author of several books on Chinese beliefs.

"I do not know why," she added, "because snake people are very intelligent, inquisitive and charming. They make good scientists and theologians."

The total number of births in 1989, encompassing most of the Year of the Snake, was about 47,500. This was well below the number needed to arrest population decline in Singapore.

The birth rate in 1989 for the population as a whole — including Malays, Indians and other minorities — dropped by more than 10 percent, while for Chinese it plunged nearly 15 percent from the level of 1988, in the propitious Year of the Dragon.

However, Yeo Cheow Tong, the acting health minister, said that "next year, being the Year of the Horse, we hope to recover to about 50,000" live births.

Horse children, noted Tan Khoon Yong, master of a Chinese geomancy center in Singapore, are likely to be successful. "They are also energetic and innovative," he added.

Miss Lip said the horse has many qualities that are attractive to Chinese.

According to traditional belief, a person born in a horse year "will be very practical, ambitious and good looking. He will also have financial acumen, quick wits, high ideals and an appealing personality," she added.

Animals are assigned to each of the 12 years in a simple cycle of the Chinese lunar calendar, which dates from 2,637 BC.

According to legend, the Lord Buddha summoned all creatures to come to him before he departed from Earth.

Only a dozen came to bid him farewell. As a reward, he named a year after each one in the order it arrived. First came the Rat, then the Ox, Tiger, Rabbit, Dragon, Snake, Horse, Sheep, Monkey, Rooster, Dog and Boar.

For Chinese believers, said Theodora Lau, author of a handbook on Chinese horoscopes, "the animal ruling the year in which you were born exercises a profound influence on your life."

The decline in Singapore's birth rate is due to such factors as improvements in education and living standards. "The more educated our people become, the fewer children they want to have," said Goh Chok Tong, the first deputy prime minister.

Lee Hsien Loong, the trade and industry minister, has warned that if the decline in the birth rate is not reversed, there will no longer be enough young people to sustain economic growth, defend the country or pay for the increasingly costly burden of caring for the aged.

"Singapore will be nothing but old folks' clubs and instead of spending Sunday mornings discussing our future, we'll be sitting around discussing our past," he said.

Mr. Yeo said that birth statistics for 1989 showed that the decline in Chinese births was not as sharp as in previous snake years.

The figures are also encouraging, he added, because babies born to higher-educated mothers — those who had at least completed secondary school — accounted for about 45 percent of total births in 1989, 8 percent above the level for 1988.

However, Saw Swee-Hock, professor of statistics at the National University of Singapore, said that a public education campaign should be launched to persuade Chinese that the future of their children will not be influenced by animal signs in the zodiac, particularly the tiger and the dragon.

Pang Cheng Lian, secretary of a committee on Chinese customs and rites set up by the Singapore Federation of Chinese Clan Associations, said that the dragon is a favorite birth year for Chinese, while the tiger tends to be avoided.

Males born in a tiger year are endowed with positive characteristics, she said. But traditional belief has it that females born in a tiger year "will be rather ferocious and end up eating their spouses."

In the last tiger year, 1986, births in Singapore dropped to 38,378. In 1988, a dragon year, they shot up to nearly 53,000.

Professor Saw said that pronounced fluctuations caused by the influence of Chinese zodiac signs "will certainly create some unnecessary difficulties such as the management of school enrolment, university admission, national service and entry into the labor force."

Arthur Kennedy, Actor, Dies at 75

By James C. McKinley Jr.
New York Times Service

Arthur Kennedy, 75, who appeared in more than 70 Hollywood films and won a Tony Award on Broadway for his role of Biff in Arthur Miller's "Death of a Salesman," died of a brain tumor Friday at the Connecticut Hospice in Branford.

Mr. Kennedy, an actor who projected an exceptional honesty and naturalness on stage, was in the original casts of several of Mr. Miller's plays in the late 1940s and early 1950s, giving memorable performances in "All My Sons," "The Crucible" and "Death of a Salesman," for which he won the Tony in 1949.

After his debut in the movies in 1940, Mr. Kennedy became a seemingly ubiquitous man for all parts, appearing in films like "Lawrence of Arabia," "Elmer Gantry" and dozens of westerns like "Rancho Notorious."

H.E. Edgerton, 86, Invented Electronic Flash

Harold E. Edgerton, professor emeritus of electrical measurements at the Massachusetts Institute of Technology, whose invention of the electronic flash expanded the scope of photography, died Thursday after a heart attack. He was 86 and lived in Cambridge, Massachusetts.

In 1931, he developed a repeatable short-duration electronic flash, or stroboscopic light, that revealed motion in segments never before seen by the human eye.

To popularize his invention, he took action-stopping images of athletes, animals, and machines. Many of these, including a 1964 color photograph of a bullet piercing a playing card, combine a scientific purpose with a surprising artistic beauty.

At first a novelty, electronic flash is now built into most cameras and is used regularly by both professional and amateur photographers. The strobe light has become an important tool in science and industry.

Mr. Edgerton also invented many sonar and underwater photographic devices for ocean research. He worked closely with the oceanographer Jacques-Yves Cousteau beginning in 1953.

Alberto Lleras Carmargo, Ex-Colombian President

BOGOTA (AP) — Former President Alberto Lleras Carmargo of Colombia, 83, who was considered one of the nation's finest orators and political writers, died Thursday at his home of complications caused by lung cancer.

The former president's career as a political leader, journalist and diplomat spanned 50 years. He served one year as president before new elections brought the opposition Conservative Party to power in 1946. He also was the first secretary-general of the Organization of American States.

AP/1981

Arthur Kennedy, who had a range of memorable roles.

■ *Other deaths:*

Ian Horvath, 46, co-founder of the Cleveland Ballet and once a soloist with the Jeffrey Ballet and the American Ballet Theater, on Friday in New York of AIDS-related pneumonia.

Robert Sivard, 75, a painter and illustrator whose canvases range from urban street scenes to the lives of famous painters and literary figures, of a heart attack Friday in Washington.

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Dublin Man Held In Delta Threat

United Press International

ATLANTA — Irish police officers arrested a man who allegedly made a vague threat against Delta Air Lines, causing the air carrier to increase security on its 66 weekly trans-Atlantic flights, Delta announced Sunday. A Delta spokesman, Bill Berry, said the police in Dublin, where the threat originated Thursday, had contacted the Atlanta-based airline early Sunday to report the arrest.

"He was a young man, an Irish citizen," Mr. Berry said. "They have charged him formally with the calls threatening Delta's trans-Atlantic service. They are satisfied it was nothing but a hoax."

Although the police and Delta officials considered the threat a hoax from the beginning, the air carrier increased security and offered passengers the opportunity to change travel plans without penalty. Mr. Berry said only a "very negligible" number of the 3,000 passengers flying Delta flights daily to Europe from U.S. destinations had chosen other carriers.

U.S. May ... To Monito... Under Eu...

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — The U... states is considering soften... demand for intrusive monitor... European arms factories and... areas under a new treaty wi... Warsaw Pact on convent... forces, according to an admin... U.S. official.

The U.S. position, aimed ... easing potential cheating b... East, has been opposed by B... France and Italy, which woul... be affected by the treaty ... ions.

These countries argue that ... intrusive inspections of arms... plants and factories in the Ea... are needed and that coping... Warsaw Pact inspectors would... too much and would disclose ... aspects of commercial arms ...

The dispute among the N... allies has been a major st... point in the negotiations. ... prevented the West from prop... detailed measures to verify co... ance with the treaty.

The talks in Vienna on the ... involving 23 nations, are in ... but will resume Jan. 12 with a ... aim of completing the treaty ... end of 1990.

The U.S. official expressed ... mism last week that the de... would be met. But he caut... that it would require both all... to perform in terms of soon... ing their positions in a way ... they have only occasionally ri... in the past."

He also said the political ch... ges have swept through E... Europe had changed "the ter... the talks and the prospe... reaching an agreement."

Some Warsaw Pact nations ... expressed support for Weste... tions in defiance of Soviet p... ences, the official said. A few ... saw Pact countries, identifi... others as Hungary, Poland, ... Czechoslovakia, have even ... presenting their formal treat... posals in English, he added.

While the Bush administra... still pushing for the intrusive ... ising plan, the official said, ... not sure how long that's go... last."

Another U.S. official said ... policymakers had recently ... evaluated" the plan in light o...

Bush Age... To Stress...

By Ann Devroy
Washington Post Service

WASHINGTON — Advi... President George Bush are p... ing a State of the Union a... that will contain few domes... initiatives, as a result of con... budget constraints and la... presidential interest, they sa...

But the address, in whic... Bush will lay out his objecti... the coming year, will con... large foreign policy comp... prompted in part by the sw... democracy movements in E... Europe and continuing cha... the Soviet Union.

Mr. Bush is scheduled to g... speech to Congress on Jan. ... ficials said it was meant to a... broadly how the United ... could help usher in the new d...

"He wants to spend a goo... tion on foreign affairs, look... U.S.-Soviet relations, the fu... Europe and the NATO a... and the need to maintain a ... defense despite the changes ... past year," said one official.

The chief White House s... man, Marlin Fitzwater, sa... president wanted to explai... military spending would be ... decline but would take no... drop despite the collapse o... tarianism in Eastern Europe ... improvement in U.S.-Soviet ...

Mr. Bush is expected to p... trouble spots such as Nic... and the invasion of Panama... sons why there will be no ... tions decline in military outl...

"You cannot have the cha... the world we have had in 19... not make foreign policy a... theme," said another Bush ...

The president has com... himself to attend a summit m... on the drug problem in Feb... meeting with Mikhail S. ... shev in the United States in ... seven-nation economic sun... Houston in July, a European ... nat meeting on conventiona... reduction if an East-West ... ment is reached, and a preli... round of international discu... on a convention on global ... ing.

"In between the summit... be crisscrossing America ... pressing for Republicans ... it's an election year, so I'm n... we'll have time for a lot mor... said one official.

Because Congress failed ... prove most of his first-year ... tic proposals, Mr. Bush will ... them again, some in slightly ... fied versions. Mr. Fitzwat... reduction of the tax on ... gains, revisions of the Cle... Act, and crime and educati... posals would be major elem... the State of the Union spee...

Mr. Bush also plans to ... proposal on home ownersh... visited Nov. 10, which inc... $2.1 billion matching-gra... gram to encourage resident... ship of low-income housing ... gram to combine housing re... with support services for lo... homeless people and a prop... allow use of individual Ret...

U.S. May Ease Demand To Monitor Arms Plants Under European Treaty

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — The United States is considering softening a demand for intrusive monitoring of European arms factories and shipments under a new treaty with the Warsaw Pact on conventional forces, according to an administration official.

The U.S. position, aimed at detecting potential cheating by the East, has been opposed by Britain, France and Italy, which would also be affected by the treaty provisions.

These countries argue that highly intrusive inspections of arms shipments and factories in the East are not needed and that coping with Warsaw Pact inspectors would cost too much and would disclose secret aspects of commercial arms sales.

The dispute among the NATO allies has been a major sticking point in the negotiations. It has prevented the West from proposing detailed measures to verify compliance with the treaty.

The talks in Vienna on the treaty, involving 23 nations, are in recess but will resume Jan. 12 with a deadline of completing the treaty by the end of 1990.

The U.S. official expressed optimism last week that the deadline would be met. But he cautioned that it would require both alliances "to perform in terms of coordinating their positions in a way that they have only occasionally risen to in the past."

He also said the political changes that have swept through Eastern Europe had changed "the tenor of the talks and the prospects of reaching an agreement."

Some Warsaw Pact nations have expressed support for Western positions in defiance of Soviet preferences, the official said. A few Warsaw Pact countries, identified by others as Hungary, Poland and Czechoslovakia, have even begun presenting their formal treaty proposals in English, he added.

While the Bush administration is still pushing for the intrusive monitoring plan, the official said, "I'm not sure how long that's going to last."

Another U.S. official said that policymakers had recently "re-evaluated" the plan in light of West European opposition and that some had decided "militarily significant treaty violations" could be detected without rigorous monitoring of arms factories and shipments in the region to be covered by the accord. The region stretches from the Atlantic Ocean to the Soviet Ural Mountains.

The official hinted at potential U.S. flexibility on several other disputes, including constraints on tactical aircraft, but did not provide details.

He also said the administration would consider a suggestion by chairman of the Senate Armed Services Committee, Sam Nunn, Democrat of Georgia, that it agree to tighter constraints than now proposed on the European deployment of U.S. and Soviet troops.

Last summer, the administration said it would demobilize 30,000 troops, leaving in place another 275,000, a number that critics say is too high in light of pressures to reduce the U.S. military budget and recent changes in Eastern Europe that have reduced the risk of attack.

Other U.S. officials and diplomatic sources discounted the possibility of enlarging the troop cut, however, again citing vigorous opposition from Britain and France.

■ NATO Flight Over East

A Canadian Air Force plane has flown over Hungary in the first on-site test of an East-West initiative to allow surveillance flights over countries of the opposing military bloc, Reuters reported from Budapest.

Canadian and Hungarian officials expressed satisfaction after the three-hour flight of the C-130 Hercules transport plane, the Hungarian news agency MTI said.

The leader of the Canadian team, John Barrett, said the trial flight followed a route covering several Hungarian and Soviet military "objects."

North Atlantic Treaty Organization and Warsaw Pact members are to meet in Ottawa next month to discuss a U.S. proposal for a treaty that would allow regular surveillance flights.

The Canadian plane carried no surveillance equipment on Saturday's flight, which was aimed only at testing technical details.

Why Some Worry About Noriega's Trial

By Stephen Engelberg and Jeff Gerth
New York Times Service

WASHINGTON — Even as the Bush administration celebrated its success in capturing General Manuel Antonio Noriega, intelligence experts have turned to the question of how much damage or embarrassment he can cause the United States as a criminal defendant.

U.S. officials and outside analysts agree that the government has reason to worry about the former Panamanian leader's public statements and legal maneuvers because of his longtime participation in U.S intelligence operations.

General Noriega's ties to U.S. intelligence date from the 1950s, when he first began informing on fellow students at a military academy, said an official who spoke on the condition of anonymity.

He said that General Noriega became a full-fledged source for U.S. Army intelligence in the 1960s as he rose rapidly through the ranks of Panama's national guard.

He maintained those connections for decades in Panama, Latin America's communications and financial crossroads, from which intelligence services of the East and West set up elaborate eavesdropping operations and ran agents throughout the region, former intelligence officials said.

"He can make us look terribly meddlesome," a former CIA official said. "He can expose a lot of activities, people and places. At a minimum, it will be embarrassing and difficult. This sort of case is bad enough when there's nothing there. It's doubly bad if — as in this case — there is."

U.S. officials said that with his own network of spies and wiretaps, and with his close links to Cuban intelligence, General Noriega was likely able to assemble a detailed picture of covert U.S. operations.

These officials said his knowledge undoubtedly extended beyond the activities in which Panama was invited to assist. But no one can yet say whether the general managed to stash documents or tapes as insurance against Washington.

"Oliver North did all the shredding," Ray Takiff, a Noriega lawyer, told The Miami Herald, speaking of the former White House adviser. "Noriega shreds nothing."

A former army intelligence official said that potentially embarrassing data may not be in the files. He recalled that when General Noriega became a valuable source on Cuba, army intelligence officers began omitting from the files data they obtained about his connections to drug traffickers.

"They would color it, you know — slant it to protect him," the officer said. "In order to keep a solid operation like that going, they were willing to do a lot."

That raises the possibility of a kind of double jeopardy for the government. General Noriega could use his knowledge to direct his lawyers to subpoena sensitive government documents. Or he could make extravagant claims about his contacts over the years with U.S. leaders, including President George Bush and William J. Casey, the former director of central intelligence.

General Noriega's lawyers have already made it clear that they intend to subpoena U.S. government documents, setting the stage for a possible defense in which he would portray his contacts with U.S. political and intelligence officials as implicit authorization for his activities.

Bush administration officials acknowledge that they are still combing the documents stemming from General Noriega's decades of dealing with the United States. Mr. Bush said last week that he was not afraid of what the general might say.

"I think that's history," Mr. Bush said, "and I think that the main thing is that he should be tried, brought to justice."

A review of the Noriega relationship with U.S. intelligence suggests several potential areas of embarrassment for the administration and several potential pieces of evidence he could use to bolster a claim that his activities were well known to, and thus officially sanctioned by, U.S. authorities .

● Both Democratic and Republican administrations decided that the costs of severing relations with General Noriega were outweighed by his value. In 1977, for example, the general's drug activity and his role in espionage against the United States to win ratification of the Panama Canal Treaty were played down, said former Carter administration officials.

● U.S. intelligence agencies amassed extensive information about General Noriega's drug activities in the decade before he was indicted. A CIA audit prepared in 1988, several months after charges were brought against him in Florida, concluded that other agencies had received ample warning about his involvement in the drug trade, a senior administration official said.

● At the time when the federal indictments charge that General Noriega was conspiring to smuggle 1.4 million pounds (637,000 kilograms) of marijuana into the United States, he was working closely with federal drug agencies, including the Drug Enforcement Administration, on efforts to arrest drug smugglers. The general made public the letters of praise he received from the agency's head shortly after he was charged.

● Mr. Casey, the CIA director for most of Ronald Reagan's tenure as president, met at least half a dozen times with General Noriega, both in Panama and at Mr. Casey's office in Virginia. In 1983, the general set up an operation to train anti-Sandinista rebels in Nicaragua. In November 1985, Mr. Casey was dispatched to warn him against further drug dealing, but failed to do so, according to Senate testimony in 1988 of a former senior deputy assistant secretary of state for intelligence and research.

● Mr. North met General Noriega secretly in London in 1986 and accepted his offer to arrange sabotage operations in Nicaragua, according to court documents. Mr. North rejected the general's suggestion that he have people assassinate the entire leadership of the Sandinista government.

Intelligence officials contended that the relationship with General Noriega was one of necessity, but they said that public disclosure of what U.S. agencies tolerated in the name of national security could prove embarrassing.

"We didn't fall in love with Tony Noriega," a former official said. "He was a commodity. When you develop assets, you have to take guys with warts, because when you deal with dirt they know where the dirt is."

Military Snubbed Embassy in Panama

By Lee Hockstader
Washington Post Service

PANAMA CITY — Shortly after U.S. troops began blasting earsplitting music at the Vatican mission where General Manuel Antonio Noriega had sought refuge, a U.S. Embassy official tried to telephone his contact at the U.S. Southern Command.

The embassy official's concern was that the music, whatever its purpose, was a public-relations blunder that could cause diplomatic difficulties with the Vatican.

The diplomat did not get to relay that message, though. His call was never returned.

Similarly, when U.S. troops entered the home of the Nicaraguan ambassador in Panama City, disregarding a fundamental rule of diplomatic immunity, no high-ranking U.S. Embassy official took part in the decision.

In the end, U.S. officials had to apologize to the Vatican and to Nicaragua for the incidents, both of which might have been avoided, diplomats say, had they been consulted.

"These incidents threaten to overshadow things that are much more important — for instance, that this was a hugely successful operation and that the Panamanians really liked it," said one U.S. diplomat.

Long accustomed to playing a prominent role in Panama, the Southern Command has completely eclipsed the embassy since the U.S. intervention began on Dec. 20. But having won a quick and relatively easy victory on the battlefield, the military's performance in public relations, police work and diplomacy has been severely tested.

Acting on tips, soldiers have routinely entered the homes of Panamanians in search of weapons and explosives, often finding caches.

Southern Command officials, while acknowledging occasional slip-ups, tend to dismiss them as isolated instances.

"When you're in a combat situation like this, the world is not perfect," said a spokesman for the Southern Command, Colonel Ronald Sconyers. "Obviously, there are going to be some mistakes made, the Nicaraguan Embassy and the Vatican disco.

"But those are pretty damn minor in the spectrum of what we've been through over the last 15 days. And the fact is that there have been few accidents, that we don't have any anti-American rallies, that nation-building is beginning, that the Endara government is standing up."

Colonel Sconyers also said that public support in Panama for the U.S. intervention was "very high."

Nonetheless, the slip-ups may be at least partly a symptom of the somewhat distant relationship between U.S. soldiers and diplomats in Panama and the preeminence of the Southern Command and its commander, General Maxwell R. Thurman.

General Thurman, who took over the job last year, has rarely sought political advice from the embassy.

When U.S. and Panamanian troops traded fire during the summer at an American fuel facility here, no one in the Southern Command thought to notify Ambassador Arthur H. Davis for several hours. And while the Southern Command ordinarily is assigned a senior civilian political adviser from the State Department, the job has been vacant for months.

Cheney Scoffs at 'Doctrine'

The Associated Press

WASHINGTON — Defense Secretary Dick Cheney has said that the U.S. intervention in Panama should not be viewed as heralding a "Bush doctrine" under which the United States would be inclined to intervene militarily in other countries where democratic elections are subverted.

Interviewed on Cable News Network, Mr. Cheney was asked specifically about what the United States would do if elections scheduled for February in Nicaragua were "stolen" by the Sandinista government. Mr. Cheney responded that the Panama action was "not the beginning of the new Bush doctrine, where under every circumstance we would always use military force to intervene in order to enforce, if you will, the outcome of a free electoral process."

The Pentagon chief said: "I think as a general proposition we always reserve all of our options when we look down the road. But at this point, I would not want to indicate that we plan to use force there." He said that the United States hoped the elections would be fair and would be honored by the government.

[President Daniel Ortega Saavedra has a 3-to-1 lead over Violeta de Chamorro in the Nicaraguan elections, an opinion poll said Saturday as reported by Reuters from Managua. The poll, conducted by the Jesuit-run Central American University, said that 47.7 percent of those planning to vote in the Feb. 25 elections supported Mr. Ortega and 14.5 percent backed Mrs. Chamorro.]

Mr. Cheney also said that judging by the "huge quantity" of weapons found in caches in Panama, it was "reasonable speculation" that General Manuel Antonio Noriega was involved in the international arms trade.

Israeli Gets Attention for Panama Role

Agence France-Presse
Mr. Harari, in a television interview, said of General Noriega: "The Americans have created and developed and raised him."

The Associated Press

JERUSALEM — An Israeli legislator has demanded that the Knesset investigate the role in Panama of Mike Harari, who U.S. officials say was a top aide to General Manuel Antonio Noriega.

Yossi Sarid of the leftist Citizens' Rights Movement said in a statement that "an attempt to present Harari as an ordinary, innocent businessman in Panama" was "more ridiculous than ridiculous."

"There is no doubt that Harari was Noriega's right-hand man," said Mr. Sarid, a member of the Knesset's foreign affairs committee. He said the committee should investigate Mr. Harari's role.

Mr. Harari, 62, once a senior official at Israel's Mossad intelligence agency, denied in an Israel Television interview broadcast Friday that he had served as security adviser to General Noriega.

"I want to tell you I'm not Noriega's adviser and have not been in the past," Mr. Harari said, adding: "I have not been in charge of his business affairs, I have not been in charge of or instructed his forces, I have not organized his personal security. I'm just a private man who deals in trade."

"I knew Noriega as a wise, energetic, patriotic man," he said, "a cunning man who has an outstanding ability to survive, to make friends, to organize, to hold the reins of power."

He said, "Noriega is an American creature," adding, "The Americans have created and developed and raised him. Noriega was pro-American and still is pro-American, I think, in spite of his present position."

He denied newspaper reports alleging that he had made trips to Colombia and Nicaragua. He said he had never visited the countries and never supplied Israeli-made weapons to Panama. He also denied that he knew anything about the general's alleged drug dealings.

He attacked news organizations for reporting on his activities with the Mossad, saying the reports could turn him into a target for revenge.

According to Israeli reports, Mr. Harari headed a botched Mossad attempt to kill the leader of the Palestinian Black September group, which killed 11 Israeli athletes at the 1972 Munich Olympics.

Bush Agenda for 1990 To Stress Goals Abroad

By Ann Devroy
Washington Post Service

WASHINGTON — Advisers to President George Bush are preparing a State of the Union address that will contain few domestic initiatives, as a result of continuing budget constraints and lack of presidential interest, they said.

But the address, in which Mr. Bush will lay out his objectives for the coming year, will contain a large foreign policy component, prompted in part by the sweep of democracy movements in Eastern Europe and continuing changes in the Soviet Union.

Mr. Bush is scheduled to give the speech to Congress on Jan. 30. Officials said it was meant to address broadly how the United States could help usher in the new decade.

"He wants to spend a good portion on foreign affairs, looking at U.S.-Soviet relations, the future of Europe and the NATO alliance and the need to maintain a strong defense despite the changes of the past year," said one official.

The chief White House spokesman, Marlin Fitzwater, said the president wanted to explain why military spending would begin to decline but would take no large drop despite the collapse of communism in Eastern Europe and the improvement in U.S.-Soviet ties.

Mr. Bush is expected to point to trouble spots such as Nicaragua and the invasion of Panama as reasons why there will be no precipitous decline in military outlays.

"You cannot have the changes in the world we have had in 1989 and not make foreign policy a major theme," said another Bush aide.

The president has committed himself to attend a summit meeting on the drug problem in February, a meeting with Mikhail S. Gorbachev in the United States in June, a seven-nation economic summit in Houston in July, a European summit meeting on conventional forces reduction if an East-West agreement is reached, and a preliminary round of international discussions on a convention on global warming.

"In between the summits, we'll be crisscrossing America campaigning for Republicans because it's an election year, so I'm not sure we'll have time for a lot more else," said one official.

Because Congress failed to approve most of his first-year domestic proposals, Mr. Bush will call for them again, some in slightly modified versions. Mr. Fitzwater said reduction of the tax on capital gains, revisions of the Clean Air Act, and crime and education proposals would be major elements of the State of the Union speech.

Mr. Bush also plans to push a proposal on home ownership, unveiled Nov. 10, which includes a $2.1 billion matching-grant program to encourage resident ownership of low-income housing, a program to combine housing resources with support services for long-term homeless people and a proposal to [illegible] Accounts as down payments by first-time home buyers.

The administration is working to combine and package a group of proposals to help U.S. businesses compete in the world. Included are elements of Treasury Secretary Nicholas F. Brady's proposals to relax antitrust laws, measures to reduce business borrowing costs and creation of an agency within the Commerce Department to help corporations take advantage of new technology.

Panama Struggles to Count, and Classify, Its Dead

By Joanne Omang and Dana Priest
Washington Post Service

PANAMA CITY — For most of his life, Alberto Mejia, 56, was a civilian cook for the Panamanian military, first for the National Guard under General Omar Torrijos Herrera and later for the National Defense Forces under General Manuel Antonio Noriega.

He was cleaning up after cooking a late dinner for troops guarding the airport here when U.S. forces attacked it the morning of Dec. 20. Mr. Mejia ran for cover and was shot to death by Panamanian forces behind him, according to his daughter, who cited witnesses.

Assuming her account is accurate, was Mr. Mejia a civilian casualty of the U.S. invasion? Was he a military casualty? Or was he a murder victim?

Mr. Mejia's case illustrates some of the difficulty in counting civilian losses from the U.S. invasion that toppled General Noriega. Mr. Mejia's daughter, Marisa, tearful after identifying a picture of her father's corpse at the Forensic Registry, said, "The PDF murdered him. They shot him in the back."

Critics of President George Bush's move in Panama have cited reports of mass graves, incinerated corpses and devastated neighborhoods as evidence of unnecessary and reckless deployment of U.S. military strength. If the known dead are not easy to classify, rumors abound that hundreds, perhaps thousands, more dead civilians lie unknown and uncounted.

U.S. and Panamanian officials say it is not so. Panamanian officials say they have processed 250 people classified as nonmilitary personnel killed since the invasion. They expect more bodies, but not many, to turn up. And they say that some of those now counted as nonmilitary may later be reclassified. The estimate includes dead from all over the country, 40 of them from the Atlantic port of Colón.

"Perhaps 300 all in all," said Roger Montero, director of forensic medicine at the registry, for three years the man responsible for recording all of Panama's dead.

No one says that figure is insignificant, especially in a country of 2.2 million. In addition, the U.S. military toll was 23 American dead and 323 wounded, 314 "enemy" dead and 124 treated at U.S. facilities for battle wounds. An administrator of a displaced persons' center at Balboa High School estimated that about 2,000 people lost their homes.

[Lawrence S. Eagleburger, deputy secretary of state, who has just returned from Panama, was asked about casualties Sunday in an NBC interview monitored by the International Herald Tribune in Washington. "At the moment," he said, "the best I can tell you," is that the effort to determine how many casualties is continuing. He added: "Don't hold me to this figure, but at the time they were talking about a figure, both military and civilian, of somewhere around 400." He praised the U.S. military for a "brilliant" job of keeping casualties low.]

Human-rights officials say it could have been much worse. The Panama Civil Rights Committee director, Oswaldo Velásquez, said the military action was "a surgical procedure to remove a cancer."

His office said that no complaints had come in against U.S. soldiers and that the number of people hunting missing relatives was "not in contradiction" to official death tolls.

U.S. military officials at first promised and then refused to provide their count and analysis of civilian dead. In an interview, General Maxwell R. Thurman, chief of the U.S. Southern Command, said there was no accurate count of civilian wounded.

Mr. Montero displayed lists and charts accounting for what he thinks are nearly all the dead not immediately classified as military casualties. "Panamanians have long been accustomed to bringing the dead to civil authorities," he said, adding that even the mass graves are known and counted.

The dead were collected largely by U.S. troops in the first days after the invasion, when snipers and armed Noriega loyalists were still shooting it out with U.S. forces, when looters were exchanging fire with each other and with businessmen's vigilante groups.

Major John Shirk, chief of logistics in the Readiness and Resources Division of the Southern Command headquarters in Panama, said troops brought bodies starting Dec. 20 to collection points set up initially at Howard Air Base, west of Panama City, and at Gorgas military hospital, the city's largest morgue, near U.S. military headquarters. Shooting around Gorgas forced the opening of a third center at Albrook Field, two miles (about three kilometers) north, he said.

Civilians, meanwhile, brought victims to the midtown Santo Tomás Hospital, which was almost immediately overwhelmed.

The Santo Tomás morgue, with a capacity of 14 bodies, was partly filled before the invasion began. Within hours, 83 bodies lay stacked in the halls, said Juan Ramírez Harris, a cardiologist. "They were lying on the floors," he said. "They weren't even in bags."

Amalia Rodríguez French, medical director at Santo Tomás, said that of the 220 dead handled at the facility, 13 had died from burns. Those had most probably occurred in the fire that ravaged the poor neighborhood of Chorrillo after a fierce U.S. attack on the Panamanian command headquarters.

The cause of that fire, according to the parish priest, the Reverend Javier Arteta, was arson and not U.S. firepower. He said witnesses saw Noriega loyalists set fire to houses there on Dec. 20.

■ Conspiracy Allegations

A former U.S. attorney-general, Ramsey Clark, has alleged that there was an official conspiracy of silence over the death toll in Panama, saying it was more than 1,000 rather than hundreds, Reuters reported from Panama City.

He said at a news conference Saturday that many death estimates went as high as 4,000 and some as high as 7,000.

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Communists in Poland Vote to Dissolve Party And Regroup the Left

By Blaine Harden
Washington Post Service

WARSAW — Leaders of Polish Communists, humiliated at the polls in June and driven from power in September, have voted to dissolve the party and replace it with a newly named leftist organization.

In a move aimed at attracting voter support and retaining membership, the party's 230-member Central Committee on Saturday approved an agenda for a congress that includes a withering condemnation of the party's 45-year record in Poland.

"The party is responsible for crimes of the Stalinist period, for violation of the principles of democracy, for forced collectivization, for conflicts with the working class, for the pauperization of the intelligentsia, for the present economic crisis and for the present *social crisis*," the draft program said.

The program will be put before the 1,637 delegates at a three-day party congress scheduled to begin Jan. 27. It suggests new "democratic" policies, along with six new possible names, for a successor party that might be more palatable to the Polish people.

If the agenda is approved, as seems likely, Poland's would be the second Communist Party in Eastern Europe, after Hungary's, to change its name and rhetoric in an attempt to escape popular distrust and distaste for abuses of power.

Communists in Hungary changed the name of their party in October to the Hungarian Socialist Party. The move there, however, has done little for the party's image or membership; a poll late last year gave it only 14 percent of public support. The new Democratic Forum is nearly twice as popular in the polls. Official membership in the renamed party has fallen by nearly 90 percent since October.

"The idea of a new party is not the result of nostalgia for past importance," Leszek Miller, a member of the Politburo, told the Polish Central Committee. "It is a consequence of the assessment that the party cannot effectively meet the challenge of the new times."

The draft declaration, which the congress will vote on, rejects communist slogans such as the "dictatorship of the proletariat" and says that Stalinism was imposed on Warsaw from abroad and was without any basis in the roots of the Polish left.

Constitutional amendments last month took away the party's leading role in the government. Across the country, economic retrenchment mandated by the Solidarity-led government is pushing party members out of their guaranteed and privileged positions in industry.

Mieczyslaw Rakowski, the party leader, said that the new organization's goal would be to draw together the entire Polish left. He said that it would not be dominated by former Communist officials.

The possible names for the new party offered in the draft program are: the Socialist Party of Poland, Socialist Party of Working People, Social Democratic Party of Poland, Polish Party of Working People, Polish Party of the Socialist Left and Polish Labor Party.

Lesek Wdowinski/Reuters

Under a bust of Lenin, Mieczyslaw Rakowski, the Polish Communist leader, pondered the party's future after a weekend meeting.

Soviets Offer No-Strings Aid to Romania

By Michael Dobbs
Washington Post Service

BUCHAREST — Foreign Minister Eduard A. Shevardnadze of the Soviet Union, telling Romanians that they had "made history" by overthrowing Nicolae Ceausescu, has promised that the Kremlin will respect whatever political system they choose to adopt, even if it is not communist.

In a news conference Saturday at the end of a one-day visit, Mr. Shevardnadze also promised to increase deliveries of oil and gas to Romania to help the country through a "hard winter."

In a move apparently designed to take the heat out of demands for reunification with Romania by ethnic Romanians living in Soviet Moldavia, he announced a relaxation of border restrictions.

By sending Mr. Shevardnadze to Bucharest two weeks after the revolution, the Kremlin is moving fast to establish pragmatic, nonideological relations with the new government.

As a realistic politician, Mikhail S. Gorbachev, the Soviet leader, is probably more concerned about making an ally and reliable neighbor out of postrevolutionary Romania than with the political purity of the new regime.

Mr. Shevardnadze was repeatedly asked during the 50-minute news conference for his reaction to statements by Romanian leaders that the Communist Party is dead as a political force and to slogans on Bucharest streets that proclaim "Down with communism."

His invariable reply was that the political system adopted in Romania was the exclusive concern of the Romanian people.

Asked whether a non-Communist country could remain inside the Soviet-led Warsaw Pact military alliance, which was originally established to defend the communist system, he replied, "It's not a matter of political systems, it's a matter of the national and geopolitical interests of two countries."

By agreeing to increase supplies of oil and natural gas to Romania, the Soviet Union is acquiring political leverage with any future regime in addition to the good will of the Romanian people.

While Mr. Shevardnadze did not pose any political conditions to the extension of Soviet aid, the Romanian government was left under no illusion that it would not be canceled in the event of any precipitous move to leave the Warsaw Pact.

In a speech Saturday, Prime Minister Petre Roman said gas and electricity consumption had jumped by 40 to 50 percent immediately after the revolution because of the abolition of draconian energy restrictions of Mr. Ceausescu.

The government has also embarked on a crash program to increase the supply of food and consumer goods to demonstrate to Romanians that they were benefiting from the political changes.

Mr. Shevardnadze said the Soviet Union was delivering 22 million cubic meters of gas to Romania daily and would supply 390,000 tons of oil during January. He did not specify the size of the increase, but Soviet journalists here said they believed it was roughly 40 percent.

The foreign minister also announced that the Kremlin had *concurred with Romania's decision to* suspend food exports to the Soviet Union as well as other countries.

Over the past few months, Mr. Shevardnadze and other Soviet leaders have said repeatedly that the Kremlin would not interfere in the political developments under way in Eastern Europe.

The Romanian revolution has put these statements to their ultimate test since here, unlike in other East European countries where attempts are being made to revise communism, the Communist Party has virtually disintegrated in the face of a massive popular uprising.

Under Mr. Ceausescu, Romania was *nominally* a member of the Warsaw Pact, but did not allow foreign troops to be stationed on its soil. To curry favor with the West and boost Romanian self-esteem, the former dictator pursued a maverick course in foreign policy, maintaining good relations with China throughout the China-Soviet dispute and preserving diplomatic ties with Israel.

In its initial policy statements, the new Romanian government has said it will honor its military obligations to the Warsaw Pact, which amount to little more than attending high-level meetings and participating in small-scale staff exercises.

But Romanian officials insist that the "ideological function" of the alliance — under which Warsaw Pact states were expected to remain communist — has disappeared.

In the view of Western analysts here and in Moscow, the primary Soviet interest in Romania is to forestall any demands for the return of the former northeastern province of Bessarabia, now incorporated into the Soviet Union as the Republic of Moldavia. The Soviet Union seized Bessarabia, which has a predominantly Romanian population, as the price for helping to depose the pro-German regime that ruled Romania during World War II.

During the last weeks of his rule, Mr. Ceausescu toyed with the Bessarabian issue in an apparent reminder to Moscow that he could easily whip up a climate of anti-Soviet sentiment if the Kremlin sought to topple him.

In a clear reference to Moldavia, he told the Romanian Communist Party Congress in November that it was necessary to resolve territorial disputes dating from World War II and the Molotov-Ribbentrop Pact, which divided Eastern Europe into Soviet and German spheres of influence.

Ethnic Strife Worries Bulgaria Leaders and Foes

New York Times Service

SOFIA — A decision by Bulgaria's new leadership to restore long-denied rights to ethnic Turks has produced a nationalist backlash that worries both the ruling Communists and the opposition out to topple them.

The government's concern was revealed in a police warning this weekend that protests against the new policy, which has jolted Sofia and other cities every day for almost a week, ran a risk of getting out of control.

[More than 10,000 demonstrators booed Prime Minister Georgi Atanasov and other Bulgarian officials Sunday, Agence France-Presse reported from Sofia.

[Mr. Atanasov, Interior Minister Atanase Senerdgiev and the deputy speaker of parliament, Anastase Dimitrov, were shouted down when they appeared before the crowd to explain why the government wanted to restore the Muslim community's full civic rights.]

Because of "the extraordinary situation," a statement from police headquarters said, the authorities found themselves facing "the impossibility of guaranteeing normal public order." It urged nationalist demonstrators to "refrain from irresponsible acts."

To some, the warning demonstrated that tolerance for dissent may still be thin in a country that has only just begun to see mass demonstrations for the first time in its postwar history.

But the opposition, which hopes to benefit from widespread disaffection with the Communists, has also been taken aback by the force of the nationalist protests. It suspects it has lost some ground.

Changing anti-Turkish policies set six years ago under the disgraced former Bulgarian ruler, Todor Zhivkov, has been a priority for many anti-government critics.

Now, some of them are being denounced at these rallies as traitors, especially Constantin Trenchev, who heads a large trade-union association called Podkrepa and who is viewed as a possible leader in a post-Communist Bulgaria.

"We felt we were getting grass-roots support, very strongly, but we may have lost some of it," said Chavdar Kiuranov, a leader of another opposition group, the Independent Discussion Club for Glasnost and Perestroika.

With the government proposing free parliamentary elections only four months from now, Mr. Kiuranov said, "it will of course not be an asset for us if these nationalist meetings continue."

Another factor in the protests, dissidents and diplomats say, is an apparent split on this issue between the liberal-minded Communist Central Committee in Sofia and local party bosses worried about losing authority and comfortable positions.

— CLYDE HABERMAN

Ceausescu's Downfall: His Order to Kill

By Celestine Bohlen and Clyde Haberman
New York Times Service

BUCHAREST — On Sunday, Dec. 17, President Nicolae Ceausescu summoned top party officials across the country and, on closed-circuit television, issued orders to kill.

The night before, demonstrators had taken to the streets in Timisoara.

It was Romania's most serious anti-government protest in two years, with crowds breaking windows, denouncing their national leader, and feeding bonfires with his books and portraits.

Elsewhere in Eastern Europe, one Communist leader after another had been forced to bow before popular demands for democratic change.

But Mr. Ceausescu was unyielding, and when the crowds in Timisoara defied him, he issued a succinct command.

"Anyone who does not obey orders should be shot," he told regional leaders on the television hookup.

That decision proved to be the first, and perhaps most critical, of several pivotal moments that over nine days brought Mr. Ceausescu from the pinnacle of national power to desperate flight, then ignominious execution in the rubble-strewn courtyard of an army post.

In the end, he may have been brought down by his own arrogance as much as by the bullets and the jeering crowds. But his downfall was sealed when he decided to send in troops to suppress Timisoara's demonstrators.

The protesters' immediate goal was to stop the forcible transfer of a popular Lutheran minister, the Reverend Laszlo Tokes, a thorn in the repressive government's side.

But their ranks quickly swelled to include students and workers, men and women who came out that Sunday onto downtown streets near the old city's Opera Square to vent their anger and frustration at the worsening hardships of life under Mr. Ceausescu's 24-year rule.

To supervise the taming of Timisoara, Mr. Ceausescu had dispatched several senior officials, including Constantin Dascalescu, his prime minister; Emil Bobu, his ideology chief; and Ion Coman, an army general and secretary of the Communist Party Central Committee.

A transcript of their conversations on the closed-circuit system, preserved by leaders of the new provisional government, shows that there were no second thoughts about firing on Romanian citizens.

"Relay my order to all officers," Mr. Ceausescu told General Coman before the killings in Timisoara began. "I want that calm should be restored in Timisoara in one hour. Call everybody. Give orders, and execute them. Understood?"

"Yes, comrade secretary general," General Coman said. "I can inform you that right now three columns of soldiers are entering Timisoara. I report to you that I have ordered them to shoot."

Those orders to shoot applied to the entire country, Mr. Ceausescu reminded his underlings in the country's 40 provinces, who were accustomed to gathering immediately in front of their television sets for instructions from Bucharest. There was unmistakable concern that the disorders could spread.

"Starting today, all units of the Interior Ministry, the militia, security troops, and border guards will have fighting weapons on them including bullets," he said. "Anyone who tries to enter a state institution or party headquarters, or who breaks a shop window, must be immediately shot." From the transcript it is clear that Mr. Ceausescu was in close contact with Timisoara, demanding reports from General Coman every 15 minutes.

That afternoon, security forces and army troops opened fire on the protesters, killing them by the hundreds and perhaps by the thousands in a massacre, the dimensions of which are still not fully known.

The next day, in a business-as-usual gesture, Mr. Ceausescu left for a state visit to Iran, apparently confident that with his grim orders carried out, his authority had been reinforced.

But by the time he returned on Wednesday, Dec. 20, to give a televised speech to the nation, the bloodshed at Timisoara had shocked and revolted the world, and jolted Romanians from their long torpor.

The Wednesday night speech showed the old Mr. Ceausescu — belligerent and unrepentant, railing against foreign agents and fascist hooligans for having created the turmoil.

Standing rigidly by his side were his wife, Elena, who was his second-in-command, plus other ranking government officials.

Mr. Ceausescu's performance that night set the stage for the next pivotal moment in the collapse of his leadership.

For reasons that are still baffling — though the decision appeared to show how little he understood how much Romanians hated him — Mr. Ceausescu called a mass rally on Thursday, Dec. 21.

It proved to be an enormous miscalculation. In effect, he himself summoned the crowds that were to create the revolution.

It began like so many other rallies in the Communist era: party leaders in local factories were ordered to herd their workers, supplied with old placards hailing the leader, to the large Palace Square.

The square lies in the heart of Bucharest, flanked by the headquarters of the Central Committee and by the palace of the former Romanian monarchy. From the second-floor balcony of the headquarters and with the nation watching on television, Mr. Ceausescu again referred to the slain protesters in Timisoara as hooligans.

Elsewhere in Eastern Europe, one Communist leader after another had been forced to bow. But Mr. Ceausescu was unyielding, and when the crowds defied him, he issued a succinct command.

Before he began to speak, students had gathered at the nearby University of Bucharest on what was the first day of their winter vacation. Some of them now say that, after hearing the first Ceausescu speech on Wednesday night, they had called each other in outrage to discuss ways to protest the Timisoara killings.

"We decided to go to meet at our faculty," said Mihaila Antemia, a 23-year-old philology student. "Nobody told us, you and you will go here. We had heard about Timisoara. We didn't know what would happen in Bucharest, but we wanted to protest Timisoara."

When the students, at first unaware that the government was putting on an orchestrated rally, reached the streets around Palace Square and heard Mr. Ceausescu speaking and the mobilized audience responding on cue, several hundred of them drifted down side streets to the back of the crowd.

The young people started to boo. They jeered as the president, who still appeared unaware that trouble was mounting, rattled along denouncing anti-Communist forces.

The booing grew louder and was briefly heard by the television audience before technicians took over and voiced-over a sound track of canned applause.

But even that deception was too late. Viewers, both in the square and watching on television, saw Mr. Ceausescu react with a curious, stunned look, pausing in his speech and taking a step back. After a few minutes, the television transmissions were stopped.

It was a moment that made Romanians realize that their all-powerful leader was, in fact, vulnerable. It unleashed an afternoon of demonstrations in the capital and a second night of bloodshed.

By early Friday morning, Dec. 22, a determined citizenry, angry and hopeful, swarmed into the downtown plazas, sweeping along young soldiers who had turned from the dictator and given their allegiance to the people.

By the late morning, the security ring outside the Central Committee building collapsed and crowds surged inside. At 12:15 P.M., the Ceausescus fled with bodyguards and aides in a small white helicopter that lifted them off the roof of party headquarters, even as the new government started to take shape on the floors below.

The Ceausescus were captured later that day, and held until Monday, Dec. 25. One report said that they were kept inside an armored car that was driven around an army post near Tirgoviste, *80 kilometers (50 miles)* northwest of the capital.

Their guards were ordered to shoot them at once if anyone tried to enter the armored vehicle.

The new government leaders were making their own pivotal decision, one that brought the old regime to a bloody end.

All that weekend, die-hard security forces, well trained and totally loyal to the dictator, were filling the streets of Bucharest and other cities with terror as they fired from snipers' nests and battled with regular army troops.

By the night of Sunday, Dec. 24, leaders of the provisional government felt that the situation was critical.

Rebel attacks were spreading around the country, and new targets were being hit all the time. Most important, the renegades had discovered where the Ceausescus were being held, and they attacked the army garrison in a rescue attempt.

That night, leaders of the provisional government, themselves moving around Bucharest in tanks for security reasons, convened and reached a decision: they would stop their enemy by cutting off its head.

On Christmas Day, the Ceausescus were taken from their armored car and put before a military tribunal on charges of mass murder and other crimes.

The trial lasted two hours, and the eventual guilty verdict was never in doubt. A mere five minutes later, the Ceausescus were stood before a firing squad.

Within a day, the street violence subsided. As the new decade approached, Romanians returned to their streets and to a future that they sensed had to be better than their repressive past.

Hungarian Visits Israel as Ties Improve

Compiled by Our Staff From Dispatches

TEL AVIV — The foreign minister of Hungary, Gyula Horn, arrived in Israel on Sunday, ending a 22-year interruption in high-level visits to Israel from East European countries.

Although talks were to cover areas of potential dispute, such as Israeli-Palestinian relations, Mr. Horn and Foreign Minister Moshe Arens emphasized the dramatic improvement in relations between their countries, which resumed ties in September.

In Harare, Zimbabwe, the African National Congress called on Sunday for demonstrations at Hungarian embassies throughout the world to protest the visit to Hungary last week by the South African foreign minister, R.F. Botha.

The secretary-general of the ANC, Alfred Nzo, said, "Popular forces across the world must show the new rulers in Hungary that what they have done is a counter-revolution against not only the people of South Africa but all humanity."

Arriving in Israel, Mr. Horn said at the Tel Aviv airport that he would discuss "bilateral relations that are going through a very dynamic development."

"I am convinced that Israeli colleagues will be our partners," he said.

Mr. Horn was scheduled to meet with senior officials, including Prime Minister Yitzhak Shamir, and leading business figures before leaving on Tuesday.

Mr. Arens said that Hungary was going through a difficult period and that the government "has great expectations that little Israel can assist them."

"I hope these expectations are not overexaggerated," he said.

Mr. Arens said Israeli technical expertise and economic contacts could help Hungary make the transition from its centralized Communist economy to a Western market system. Hungary has also been moving toward a multiparty political system.

Hungary is the only East European country that severed ties with Israel over the 1967 Middle East war to have resumed full relations. Consular delegations have been exchanged with the Soviet Union and Israel has an interest section in Poland, but both fall short of full relations.

Mr. Nzo said the ANC, the main black nationalist organization fighting white-minority rule in South Africa, would send a delegation to Eastern Europe to persuade new governments there to oppose apartheid.

In Johannesburg, a leading ANC veteran, Walter Sisulu, warned Saturday that South African blacks were also ready to protest Mr. Botha's visit to Hungary.

Mr. Nzo, speaking during a stop en route from Mozambique to the ANC's exile headquarters in Zambia, said, "The ANC will have to try to meet these new forces in power, hitherto unknown to us, for the sole purpose of convincing them to continue support against apartheid."

Mr. Botha's two-day visit to Hungary, the first official contact between South Africa and a Warsaw Pact country, has shaken the anti-apartheid movement, which is worried about the prospects of trade between South Africa and Eastern Europe. *(Reuters, AFP)*

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Mujahidin Cite Bid To Soviets

Rebels Seek Halt In Aid to Kabul

The Associated Press

ISLAMABAD, Pakistan — An Afghan rebel leader said Sunday that the guerrillas were holding secret talks with Moscow.

"Negotiations have already started between the mujahidin and the Soviets," said Gulbuddin Hekmatyar, a leader of the Islamic Party rebel group.

He declined to say where the talks were being held, or who the participants were. However, he said the guerrillas were asking the Soviets to stop arming the Marxist government in Kabul.

"There are many things to negotiate with the Soviets," Mr. Hekmatyar said. "We are asking them to stop aiding Kabul, to stop interfering. We are talking about future relations between our two countries."

He refused to speculate on the possible outcome, but said recent events in Eastern Europe "have created a lot of hopes that the Soviets can adopt similar policies in Afghanistan."

That was in reference to Moscow's noninterference in nations that moved in recent months to abandon single-party Communist rule.

Soviet Embassy officials in Islamabad could not be immediately reached for comment.

Western diplomats say Moscow sends about $300 million worth of munitions and humanitarian aid to Kabul each month. Washington provides $500 million in military supplies annually to the rebels.

Mr. Hekmatyar's group is the only one of the seven major rebel organizations headquartered in Pakistan to urge a mutual arms cutoff.

The Associated Press

Wolfgang Berghofer, left, and Markus Wolf, center, at an executive meeting Saturday with Gregor Gysi, the Communist leader.

ARMS: *U.S. Studies Gysi Proposal for Troop Withdrawal From Germanys*

(Continued from page 1)

tiated at the arms talks in Vienna, which resume this week.

The French defense minister, Jean-Pierre Chevènement, said the East German Communists were using the disarmament issue "to get into an advantageous position" for May elections.

■ The Gysi Proposal

Earlier, Serge Schmemann of The New York Times reported from Bonn:

Mr. Gysi's proposal is not likely to become government policy or be accepted by NATO or the Warsaw Pact any time soon. But as a political ploy it played directly into a conflict between the Communists and the opposition that has soured East Germany's euphoric march toward democracy.

ADN, the East German news agency, reported that Mr. Gysi proposed at a meeting of the Socialist Unity Party, the new name for the Communist Party, that all foreign troops leave by 1999 and that both Germanys cut their armies in half within a year.

"Without an end to military rivalry between the two German states, any talk of the unity of the nation is not credible," he said.

Mr. Gysi is not in the government, and the Communists may lose control of the government when free elections are held May 6. Diplomats said the proposal was an effort to position the Communists as champions of disarmament and national unity as part of an aggressive campaign by the party to revive its fallen fortunes.

According to a recent opinion poll conducted by sociologists from the East German Academy for Social Sciences, public support for the Communists has grown to 34 percent, far more than that for any opposition party.

The accuracy of the poll could not be checked, but the newly active Communists have alarmed both the opposition and the West German government.

In the past week, East German opposition groups have accused the Communists of manipulating their control of the government and the press to gain unfair advantage and of trying to reconstruct the security apparatus, using purported fascist incidents to justify doing so.

The incidents, including anti-Soviet slogans painted on Soviet war memorials, were given extensive publicity in the East German press, and the Communists held a mass anti-fascist protest on Wednesday.

■ Opposition Coalition Fails

A coalition created by six East German groups to challenge the Communist Party crumbled Sunday just three days after it was formed, The Associated Press reported from West Berlin.

One of the pro-democracy groups announced that it was leaving the coalition and the largest group said it preferred to run candidates independently.

The Communists have been stripped of their constitutional mandate to govern and have been beset by corruption scandals, but the lack of a credible alternative has left them in control of the government and better positioned for the election than the fractured opposition.

Dozens of citizens' groups pressing for social, political, environmental and economic reforms have sprung up since the Oct. 18 removal of Erich Honecker.

The leader of the Social Democratic Party, Steffen Reiche, said Thursday that his group had joined with New Forum, Democratic Uprising, Democracy Now, the Initiative for Peace and Human Rights, and United Left to form Election Alliance 90.

But United Left announced Sunday that it had withdrawn from the coalition, telling ADN that the group had been "misleadingly presented" in the announcement. Bernd Gehrkes of United Left said his group was open to other alliances "if suitable common policies can be worked out."

CAMBODIA: *Hun Sen Seeks to Shed Puppet Label*

(Continued from page 1)

dia's information minister from 1973 to 1975 in the U.S.-backed government of Lon Nol, said the current government was receptive to his suggestions.

Dozens of interviews with Cambodian officials, people on the street, shopkeepers, students, prisoners of war and foreign diplomats here produced these findings:

- The government is accepted as legitimate in most of Cambodia. There is no sign that, as some U.S. officials had predicted, it will collapse without the support of Vietnamese troops. Foreign investors and governments in many Western countries express a growing desire to do business with Cambodia.
- Except in three provinces along the Thai border, where there has been fierce fighting, security is not a major problem. Cambodians and foreign visitors can move about freely and talk with anyone. Cambodian military officials express little concern about the two non-Communist guerrilla armies supported by the United States, but warn that those armies provide cover for the Communist Khmer Rouge.
- Growing numbers of people who served in the non-Communist governments of Prince Norodom Sihanouk and Mr. Lon Nol in the 1960s and 1970s, as well as people who went to school in those years, now hold positions of power and influence in Cambodia. Mr. Hun Sen estimates that veterans of the Sihanouk and Lon Nol regimes now account for more than half of his cabinet.
- The government is rapidly reducing state control of the economy and is permitting private ownership of land and other property. The government, which initially tolerated the development of private enterprise and open markets, now encourages them. Cambodian officials and Europeans who work for humanitarian organizations here estimate that 30 percent of the economy is controlled by the government, while the rest is in the hands of private enterprise.
- Local editors and journalists say that Cambodian newspapers now openly criticize the government, publishing evidence of official corruption, nepotism, police brutality and other abuses.

Michael J. Horowitz, a conservative Republican who served in the Reagan administration and visited Cambodia with Mr. Chhang Song, said: "The reality I see here is profoundly different from the conventional wisdom described to me in Washington by American officials. I see strong support for private property, open markets and internationally supervised elections."

Phnom Penh is still an isolated Third World capital with no telex service, few telephones and inadequate supplies of electric power. The city is under a 9 P.M. curfew, designed to prevent infiltration by guerrillas.

But the city, which was reduced to a ghost town by the Khmer Rouge, shows signs of vitality. In the last year, several movie theaters have opened. Seventy-five private companies now produce and sell videos.

PROTEST: *Romanians Rally*

(Continued from page 1)

given in to the students' requests on examinations, he said to thunderous applause, "If the result had been negative yesterday, Timisoara was ready to repeat Dec. 16 and 17." Those were the days that sparked the revolution.

Students from several provincial cities as well as from Poland, Czechoslovakia and France took part in the rally.

Cazimir Ionescu, a deputy chairman of the National Salvation Committee, was booed despite his promises to get rid of incompetent teachers who owe their jobs to loyalty to the Ceausescu regime.

Marin Munteanu said that all the students agreed with the National Salvation Committee's program, but disagreed with those students serving on the committee and how they were chosen.

Many students said they felt that they should stay out of formal politics and not form their own political parties on grounds that "we're too young and have too much to learn." The students decided to found an association to protect their interests but were unable to decide on a name.

Last week Silviu Brucan, another member of the National Salvation Committee, said the April parliamentary elections would be a "primary school" for the Romanian people.

Soviet Link in Caribbean

Reuters

MOSCOW — The Soviet Union announced Saturday that it had established diplomatic relations with the small east Caribbean island nation of Antigua and Barbuda.

Ex-Soviet Space Director To Marry an Eisenhower

New York Times Service

WASHINGTON — Susan Eisenhower, granddaughter of Dwight D. Eisenhower, the president who led the United States in the early years of the Cold War, and Roald Z. Sagdeyev, a former leader of the Soviet space program, have announced that they will marry in Moscow next month.

"We thought that whatever people would think would be worth it," said Miss Eisenhower, who last winter began helping Mr. Sagdeyev, a physicist, write his memoirs and by last summer decided she wanted to be part of them.

Both thought they needed to inform their countries' governments, and both said they were apprehensive about it. Mr. Sagdeyev told Yevgeni M. Primakov, a member of the Communist Party Politburo and a close adviser to President Mikhail S. Gorbachev, and said, "I saw, in a fraction of a second, his expression change from astonishment to shock to a kind of excitement."

DRUGS: *U.S. Warships*

(Continued from page 1)

Pentagon intended to put ground-based radar units in the mountains of Colombia, Peru and Bolivia, to be run by Americans and officers of those nations.

This element of the plan, already approved by Defense Secretary Dick Cheney, would be the first use of U.S. forces, in this case Marine and air force radar specialists, on surveillance of planes believed to be carrying drugs.

An administration official said that the U.S. intervention in Panama to remove General Manuel Antonio Noriega as the Panamanian leader had unsettled the Colombians.

The official, who asked not to be named, said the Colombians feared that the United States might use its Panama operation as a precedent to enter other countries in pursuit of people wanted on U.S. drug trafficking charges.

Venezuela, the only other country that would be directly affected by the naval proposal, did receive the briefing team. Peru and Bolivia have been generally agreeable to the overall plan.

Iran Sends Mission to Moscow Amid Riots by Soviet Muslims

Compiled by Our Staff From Dispatches

NICOSIA — Iran has sent a Foreign Ministry team to the Soviet Union amid rioting on their border by Soviet Muslims seeking easier access to the Islamic Republic.

The Iranian news agency IRNA, monitored here, quoted "informed sources" as saying the delegation headed by Deputy Foreign Minister Mahmud Vaezi would carry a message from Foreign Minister Ali Akbar Velayati for the Soviet foreign minister, Eduard A. Shevardnadze.

It quoted the sources as saying that the message dealt with mutual ties, but did not specify if this included unrest in Soviet Azerbaijan, where crowds tore down border installations on Saturday.

IRNA said earlier that Iran and the Soviet Union signed a tourism agreement on Friday under which Soviet citizens wishing to visit Iran from Azerbaijan would receive special help.

Mainly Shiite Muslim Azerbaijanis live on both sides of the border. Southern Soviet Azerbaijan belonged to Iran until 1920.

An Iranian newspaper, the Tehran Times, urged Moscow on Saturday to open the Azerbaijan border to "alleviate the seething emotions of people who wish to see their ancestral land and visit long-lost relatives".

"The Kremlin should avoid suppressing the Azerbaijani people," the paper said in an editorial. "If the situation is handled smoothly and logically it will only enhance cultural relations between the two neighbors."

Officials in Azerbaijan say rioters want border areas opened for cultivation as well as for easier cross-border contacts. A Soviet Army spokesman has said that nationalists inspired the riots.

The Tehran Times said that Iran was preparing for an influx of Azerbaijani visitors from the Soviet Union to cultural and religious sites. Some Azerbaijani youths had crossed the Aras River into Iran since the riots began on New Year's Eve, the paper said.

IRNA, monitored in Nicosia, said the tourism accord signed in Moscow provided for the Soviet Union and Iran to issue tourist visas to each other's nationals and to set up tourism information offices.

In another development relating to ethnic unrest in the Soviet Union, President Mikhail S. Gorbachev met Saturday with loyal Communists from Lithuania who oppose their party's bold break with Moscow, and thousands back home rallied to support them.

Vitaras Rajavicus, a spokesman for the Lithuanian popular movement Sajudis, said a delegation of the loyalists had met privately with Mr. Gorbachev in Moscow.

Mr. Gorbachev is undergoing what is widely viewed as a test of his powers of persuasion as he tries to bring renegade Lithuanians back into the fold. On Dec. 20, a majority of Lithuanian Communists voted to break ties with the national party, a possible precursor to secession by the Baltic republic.

On Thursday, Mr. Gorbachev met the republic's Communist Party leader, Algirdas Brazauskas, and other leaders who support the break. He is scheduled to travel to Lithuania this week.

The Soviet news agency Tass, in the first official report on the talks Thursday and Saturday, said they featured "exchange of opinions on a way out of the situation." It gave no details.

Two groups of predominantly nonethnic Lithuanians sponsored a rally in Vilnius on Saturday to support continued alliance with Moscow. An estimated 2,000 to 3,000 people gathered outside the central sports palace and adopted an appeal to Mr. Gorbachev asking him to condemn "nationalistic and chauvinistic overtones" in their republic and restore the unity of the Communist Party, Mr. Rajavicus said. *(Reuters, AP)*

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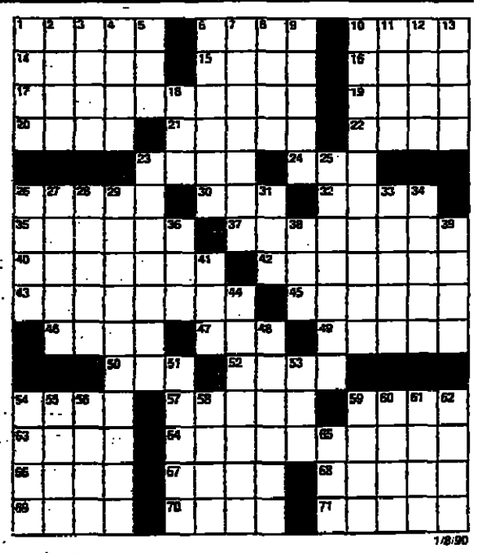

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OPINION

Negotiate on Lithuania

In a way, Lithuania, currently a Soviet republic, is the center of the world. The peaceful challenge that its people and now its Communist Party have mounted to central authority in Moscow constitutes the single sharpest threat to the reform leadership of Mikhail Gorbachev. It is not hard to imagine that he could be undone by this issue. Even if he stayed in place, the energy of perestroika, or what there is of it, could fade. His coming trip to Lithuania may be the most important journey in his nearly five years in power.

Propelled forward by local courage and East European example, the Lithuanian party last month voted for independence from the national party — a gesture large in symbolism if vague in detail. The party argued plausibly and in the spirit of perestroika that this was its only hope of overtaking and containing the independence sentiment released by perestroika; otherwise the party would be marginalized. Subsequently the national party's Central Committee split. Mr. Gorbachev reported, between those ready to let the "logic of democratization" unfold across the Soviet Union and those who saw a mortal threat, justifying "any means" in response, to the integrity of party and state. Mr. Gorbachev leaned distinctly to the latter view, and so it was something of a surprise that Lithuanian Communists who met with him in Moscow the other day depicted *him* as more accommodating. There is personal in addition to political drama in his mission to Lithuania.

At least in comparison with the countries brought under Soviet control after World War II, Lithuania has certain aspects of being an internal Soviet matter. Yet because of its history of absorption by the Soviets as the result of a cynical deal with the Nazis, and because of the likely impact of its strivings on overall Soviet politics and policy, it is a climactic external matter as well. Independence advocates, by going out to enlist international support, have further made it so.

Some people in the West have responded with unconditional approval of the Lithuanian appeal for restoration of the freedom that the Soviet Union stole 50 years ago. Others believe that Soviet-Lithuanian differences can be eased by the negotiations that are going on constantly in one form or another between the republic and the center. They are anxious lest Baltic secession wound both reformers and reform in the Kremlin.

The tension here is a familiar one in postwar East European affairs; it is that of finding the right degree of pressure to bring to bear without provoking Soviet violence and repression that the United States, and the West in general, having encouraged uprising, are not prepared to help counter. The awful Hungarian example of 1956 is still vivid in memory.

We believe that a tough-minded negotiation is what is indicated now. Negotiation, of course, means no Kremlin intimidation or violence. This is the position that American policy at the moment is meant to reinforce, and it strikes us as a responsible course. It offers a better chance than outright immediate declarations of secession of consolidating Lithuanian gains over an uncertain future — something that all Americans who want to help Lithuania are bound to support.

— THE WASHINGTON POST.

Mysteries to Clear Up

If the Cold War is truly over, isn't it time to bring its mysteries in from the cold? Eastern Europe's new governments have a rare chance to serve both justice and history by unlocking the secret archives of their former Communist masters. When tyrannies collapse so suddenly, there is little time to shred papers. Almost overnight, reformers have taken custody of billions of documents that could finally disclose the truth about some monumental mysteries.

Mikhail Gorbachev has shown the way. Soviet historians are now able to discuss honestly Stalin's monstrous crimes. An official commission last year conceded what had long been denied — that Stalin made a secret deal with Hitler in 1939 to grab the then independent Baltic states. And relatives of Raoul Wallenberg were permitted to appear on Soviet television to plead for information about the Swedish diplomat, seized in Hungary by Soviet secret police in 1945.

But Communists still hoard power in Moscow, and the KGB remains a kingdom unto itself. Eastern Europe's uprising has gone further, and as one-party tyranny crumbles, reformers have a chance to assert control over huge secret bureaucracies that worked hand in glove with the KGB. The files in Prague, Sofia and Berlin can shed light on Soviet mysteries as well.

So why not let historians sift evidence on episodes that still divide and embitter? There is an apt precedent. After the Bolshevik takeover in 1917, Lenin's comrades threw open czarist archives and published the records of the secret diplomacy that plunged Europe into world war.

Here are some of the most intriguing questions awaiting answers.

Who killed Jan Masaryk? After the 1948 Communist coup in Prague, Foreign Minister Jan Masaryk, son of Czechoslovakia's founding president, plunged to his death. Was he a suicide, as the police claimed, or was he suffocated and flung from a window, as the medical evidence suggested?

Was there a fifth man? British agents Guy Burgess and Donald Maclean defected to Moscow in 1951; Kim Philby followed in 1963. Sir Anthony Blunt, the art historian, was exposed as the fourth man in 1979. But did Moscow also control a fifth, Sir Roger Hollis, once director of MI5? Britain has banned books for suggesting as much.

Was Otto John kidnapped? On July 20, 1954, the head of West Germany's secret service turned up in East Berlin. The date was the 10th anniversary of the July bomb plot against Hitler, in which Otto John had played an honorable part. Mr. John claimed he was abducted. But when he later crossed back into West Germany, he was jailed on charges of treasonable conspiracy. Was he a victim, as he insisted, or a traitor?

Who was Lee Harvey Oswald? According to the Warren Commission, the man who killed John F. Kennedy in 1963 was a psychotic, acting alone. Not so, according to tireless conspiracy theorists, who speculate that Mr. Oswald, who had visited Moscow, was a KGB "asset" in Dallas. Perhaps East European archives can finally resolve conflicting stories from various Soviet defectors about Mr. Oswald's ties, or lack of them, with Soviet intelligence.

Who killed Georgi Markov, and why? In September 1978, Georgi Markov, a Bulgarian émigré, was murdered on a London bridge by poison injected in his leg with an umbrella. A writer who broadcast weekly to Bulgaria, Mr. Markov was allegedly silenced at the personal order of the now ousted head of state, Todor Zhivkov.

Who tried to kill the Pope? In 1982, Pope John Paul II narrowly avoided assassination at the hands of a Turkish terrorist who had worked with Bulgarian secret police. Was Mehmet Ali Agca recruited in Bulgaria to kill the Pope? What larger purpose was the assassination meant to serve? Or if he was acting on his own, what was his motive?

An open search for the truth about these and other controversies can advertise the good faith of new regimes during a trying period of transition. An honest reckoning of the past is a crucial step to a more open society. And by letting sunlight spill on major mysteries, post-Communist regimes set a precedent for giving the humblest citizen access to police files. When freedom of information is a guaranteed right, the horrors of the police state will truly belong to history.

— THE NEW YORK TIMES.

German Immigration

With the enormous increase in immigration into West Germany this year, the third great migration in postwar Europe is now under way. The first was from east to west, the tide of people struggling to get out of the lands occupied by the Soviet army. It began before the fighting had ended and continued until the Berlin Wall went up in 1961. The second migration was south to north, in the 1960s, as labor shortages drew Turks, Yugoslavs and North Africans into industrial Europe. This time nearly all of the immigrants are Germans, by one definition or another — either East Germans or ethnic Germans from countries farther east.

About 720,000 have arrived in 1989. Slightly fewer than half come from East Germany. The majority? By the end of 1989, 250,340 had come from Poland, 93,134 from the Soviet Union, 25,387 from Romania and a scattering from the other East European countries. Immigration from Poland and the Soviet Union doubled from 1988 to 1989.

In a world with millions of refugees desperately seeking homes in happier countries than those they have left, the Germans of Eastern Europe are fortunate. Any East German is, under West German law, also a citizen of West Germany. Anyone who can plausibly show German descent, even from families that moved to Russia or Poland generations ago, is immediately admitted.

The impact on West Germany has been substantial, and in it you can see hints of patterns that may well develop in the 1990s. West Germany has one of the world's lowest birthrates — lower than its death rate — and for most of the past 15 years its population has been slowly declining. The residential construction industry shrank. Now, with the sudden demand for housing, builders are beginning to bring in crews from East Germany and Poland — not immigrants but workmen who will return eastward with their earnings. West Germany is facing some of the same issues with which the United States wrestles when agricultural labor comes north from the Caribbean. There is a strong interest in keeping wages down to protect consumers, but an even stronger one in keeping them up to avoid undercutting local workers.

Germany is the point at which the meeting of the two Europes is going to be most intense. On one side is a world sometimes called capitalist but in fact social democratic, with high wages and elaborate systems of social protection. On the other is a world called socialist with a standard of living that is low and now declining. More than any others, it will be the Germans, East and West, who work out the terms on which these worlds deal with each other.

— THE WASHINGTON POST.

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If North Korea Is Indeed Building a Nuclear Bomb

By Andrew Mack

CANBERRA — For more than a year, U.S. intelligence reports have been suggesting that North Korea is seeking nuclear weapons capability. The prospect causes deep concern in the Asia-Pacific region.

Compared with South Korea's large nuclear energy program for generating electricity, the North's nuclear program is puny. Two Soviet-supplied research reactors were built in the 1960s. Current concern focuses on a larger research reactor at Yongbyon, about 100 kilometers north of Pyongyang. This 30-megawatt reactor, which has been operating for more than two years, may be capable of producing *six to eight kilograms of plutonium* a year, enough for an atomic bomb with an explosive power of about a kiloton.

Late in 1988, U.S. spy satellite photographs showed what intelligence sources claim is a nuclear fuel reprocessing facility under construction near the research reactor. The North would need just such a facility if it wished to extract plutonium from the spent nuclear fuel rods of the reactor to build nuclear weapons. On a visit to Seoul in June, U.S. nuclear experts also asserted that a nuclear detonator test site had been developed near Yongbyon.

These are not the only causes for concern. Although Pyongyang agreed not to build nuclear weapons by signing the Nuclear Nonproliferation Treaty in 1985, it has failed to complete agreements that would permit inspectors from the International Atomic Energy Agency to examine the facilities at Yongbyon. North Korea has come under considerable pressure to allow the required inspections. Its continued failure to respond positively has inevitably increased suspicions about the the role of the secret facilities.

Some analysts doubt that Pyongyang is trying the build a bomb or that it has the technical competence to do so. They ask why the North would have signed the nonproliferation treaty if it were really intent on developing a nuclear weapons capability.

There are other reasons for skepticism. For years, the North has denounced the presence of U.S. nuclear weapons in South Korea while *promoting the idea of a nuclear-free zone* for the Korean peninsula. Confirmation that Pyongyang was pursuing a nuclear weapons program would kill this idea completely. It would also undercut the growing anti-nuclear movement in the South, which opposes the presence of U.S. nuclear weapons there.

Perhaps most important would be the reaction of the South. With a large and highly developed nuclear industry producing more than half the country's electricity, South Korea *is far better prepared to manufacture* nuclear weapons than the North. There is already strong support in sections of the South Korean military for going nuclear.

However, the skeptics' case ignores some critical facts. In the past decade, South Korea's economic growth rate has been the highest in the world. GNP has doubled in eight years. The population of the South is twice that of the North, and national income is between six and eight times higher. This economic gap is continuing to widen. The security implications are obvious.

The North will have to spend an increasing proportion of its national income on defense merely to keep up with its rival. Currently, the South spends between 5 and 6 percent of its GNP on defense, while the North spends 20 to 30 percent. Even with this huge disparity, most security analysts believe that the South will outstrip the North in terms of conventional military capability sometime in the second half of the 1990s.

Spending even more on the armed forces is no easy option for North Korea, given the poor state of its economy. Recent events in Eastern Europe point to the dire political consequences of starving the civilian sector of an inefficient national economy to feed the military machine.

This is the context in which pursuit by stealth of a nuclear capability may seem compelling to Pyongyang. Nuclear weapons are the great equalizers of modern strategy. They *radically decrease the importance of conventional* military superiority, which is why NATO has long relied on them in the face of Soviet conventional dominance.

The North has reason to be concerned about the commitment of its major ally, the Soviet Union. Relations between Moscow and Seoul are improving rapidly. A perceived need in Pyongyang to be militarily self-reliant, and to reduce dependence on an ally whose reliability has become questionable, would provide further motivation for going down the nuclear track. Similar concerns about the reliability of the United States as an ally provide much of the support in South Korea for going nuclear.

The North may well believe that a nuclear weapons program can remain sufficiently secret, or at least deniable, until the testing stage is reached. Going nuclear would lower still further Pyongyang's already poor international reputation, but Kim Il Sung has never appeared to care much about world opinion.

If it turns out that the North is indeed on the nuclear weapons track, there will be tremendous pressure from within South Korea to follow suit. A nuclear arms race on the peninsula would be highly destabilizing. It would further intensify hostility and suspicion between North and South and make progress toward conflict resolution more difficult.

Because the number of nuclear weapons on both sides would initially be low, the incentive for attempting disarming first strikes against the nuclear systems of the other in a crisis would be high. With forces on hair-trigger alert, with command and control systems much less sophisticated than those of the superpowers, and without the long experience of living with nuclear weapons, the risks of inadvertent war would increase greatly.

The writer, director of the Peace Research Center at the Australian National University in Canberra, is author of "Security and Arms Control in the North Pacific." He contributed this comment to the International Herald Tribune.

Soviet Azerbaijan: And So, the People Are Doing It Themselves

By Alex Alexiev

SANTA MONICA, California — Soviet television viewers were served a disturbing bit of news last Wednesday evening. Azerbaijani extremists under the influence of drugs and alcohol were said to have attacked and dismantled installations along a stretch of the Soviet border with Iran. This message conjured up images of crazed Islamic mobs bent on havoc. The truth was different.

Nakhichevan is an Azerbaijani enclave in Armenia bordering on an area of Iran populated by ethnic Azeris. In early December the local chapter of the Azerbaijani Popular Front, a movement supported by the vast majority of the population, presented a list of demands that were hardly extremist. The key ones called for opening the border to free movement of divided families, and for opening the land for cultivation along the KGB-controlled, mile-wide border zone.

Both issues were important to the people. More than half of them have family roots across the border, and the valley has the most fertile and valuable land in the narrow, mountainous territory. The closed, heavily guarded border stood as a morbid anachronism at a time when even the Berlin Wall had crumbled and Soviet society enjoyed unprecedented openness.

Repeated calls by the Popular Front for discussions with the authorities were ignored by local officials and in Moscow. On New Year's Eve, the people marched unarmed to the border and accomplished what their government had refused to discuss.

Whether the central government will now yield to the demands of the Nakhichevanis or try to re-establish its authority by force remains to be seen. There is a larger significance in these events, however, and nationalism is the message sent by the people in Azerbaijan — and in other Soviet republics — when they decide to take matters into their own hands.

Azeri nationalism first erupted as a reaction to the Armenian-Azerbaijani conflict over the disputed Nagorno-Karabakh territory. The conflict was between two peoples who until then had lived side by side, often in mixed communities, in relative harmony. It turned ugly and brought violent strife, bloody pogroms and huge refugee populations in both republics. Nagorno-Karabakh was the trigger but certainly not the main cause of a remarkable resurgence of nationalism that followed in Azerbaijan, and in Armenia as well.

As with most other nationalities issues, Azeri grievances against the Soviet Union were deep-seated and intense. A national history had been falsified and rewritten, an Islamic faith proscribed and a Turkic culture repressed to the point that people were forced to use the Russian alphabet.

As the Soviet economy has deteriorated, charges of economic discrimination have been added to the list of complaints. Along with other groups in the predominantly Islamic, rural and underdeveloped Soviet south, the Azeris have claimed to be victims of rigid central controls, low prices for their main exports, social neglect and outright colonial exploitation.

Whatever *the legitimacy of the* grievances, living conditions have clearly stagnated and may be declining. Infant mortality is twice the Soviet average. Health care and education are inadequate, and unemployment reached 27.6 percent in the late '80s. Discontent has grown as respect for the local Communist Party has fallen. The people see their leaders as a corrupt and Moscow-beholden Mafia, incapable of defending their interests.

The soil was right for a grass-roots organization. The Popular Front emerged, with a nationalistic posture on Nagorno-Karabakh but an otherwise moderate program patterned on the Baltic examples and emphasizing *autonomy rather than separatism.*

The founding of the front was met with unremitting hostility by the party, unable to tolerate a local rival. Front leaders were termed "extremists and hooligans." Front literature was branded as "ideological AIDS."

As time passed without reconciliation and as Moscow's policies on Nagorno-Karabakh were increasingly perceived to be anti-Azerbaijani (the Armenians feel that the policies are anti-Armenian), the front's popularity grew and the group became radicalized. By mid-August it was able to organize strikes and demonstrations by 500,000 people just by announcing them. In September it led a successful effort to impose an unprecedented economic blockade on Armenia.

Only a few months after it came into being, the front became a national movement, and the ruling Communist Party was forced to pay attention and even pay local respects.

Radicalization has continued because it has become increasingly clear that Moscow is not willing seriously to consider any of the major economic and political decentralization reforms. Only decentralization can arrest this powerful nationalist current.

In November, a power struggle in the front's leadership resulted in a victory for the more radical faction. Soon an organization calling itself National Salvation emerged in Baku and began advocating an openly separatist program based on reunification of Soviet and Iranian Azerbaijan. The front and National Salvation have held a joint demonstration in Baku.

The Kremlin can continue to deceive itself with tales of drunk and drugged "extremists," but not for long. What is happening in Azerbaijan today is certain to be repeated on a larger scale in Central Asia tomorrow. The levels of popular frustration and the lack of a political culture for compromise in Central Asia suggest that greater violence may be in store.

What could still save the Soviet Union as a federal state is prompt devolution of economic and political power. The urgency is to set up representative national governments in the republics. This, however, would almost certainly hasten the demise of the Soviet Communist Party.

The writer is an analyst at the Rand Corporation. He contributed this comment to the Los Angeles Times.

Germany: Reunification Should Be Opposed by Germans, Too

By Günter Grass

This comment is adapted from a speech by Mr. Grass, the West German novelist and essayist, at the Social Democratic Party congress in Berlin last month.

BERLIN — Once again it looks as if a reasonable sense of nationhood is being inundated by diffuse nationalist emotion. Our neighbors watch with anxiety, even with alarm, as Germans recklessly talk themselves into the will to unity.

Day by day, the people of the German Democratic Republic struggle for greater freedom and raze the bastions of a hated system by nonviolent means. This is an event unique in German history — a successful revolutionary movement. What is actually happening, however, is in danger of receding into the background.

Other, secondary concerns are thrust to the fore. Numerous West German politicians demand the stage. The West German government, its minister of finance in the vanguard, drapes its cornucopia in glittering promises, then dangles it ever higher, demanding that the revolutionaries take ever riskier leaps to get it.

Meanwhile, the chancellor attempts to direct the world's attention to himself and his 10-point program. That patchwork program, wrapped in statesmanlike oratory, met with applause! A few reasonable rudimentary suggestions obscured its contradictions and the omissions made with an eye to re-election, including again the refusal to recognize Poland's western borders with no qualifications.

Disenchantment came the very next day. The hoax lost its appeal. Reality — in the form of neighbors' justifiable fears rooted in their own experience — caught up with the Bundestag. The "reunification" bubble burst because no one of sound mind and memory can ever again permit such a concentration of power in the heart of Europe. Certainly the great powers cannot: nor can the Poles, the French, the Dutch, the Danes.

But neither can we Germans. Because there can be no demand for a new version of a unified nation that in the course of barely 75 years, although under several managements, filled the history books, ours and theirs, with suffering, rubble, defeat, millions of refugees, millions of dead, and the burden of crimes that can never be undone. Such a state — no matter how much goodwill we think we have come to show in the meantime — should never again ignite political resolve.

Instead we should learn from our compatriots in the German Democratic Republic, for they were not given freedom as a gift, as were the citizens of the Federal Republic, but had to wrest their freedom from an all-embracing system. They have had to struggle to achieve it on their own, while here we stand amid our riches, poor by comparison.

So what is this arrogance, with its boasts of a favorable balance of trade and great glass houses? What is this "we know better" about democracy, when our grade on the first exam is "satisfactory" at best? What is this exultation at their scandals over there, when stench clings to our own?

And, measured against the modest wishes of those we presume to call the have-nots on the other side, what is this imperiousness incarnate in the person of Helmut Kohl?

Have we forgotten? Do we want to repress now, too, being masters at repressing, how the smaller German state was weighed down, far more than is just, with the burden of a lost war?

Consider the possibilities open to the GDR after 1945 — and their present-day effects. No sooner had greater Germany's systematic coercion lost its power than the Stalinist system took hold with new yet familiar forms of coercion.

Economically exploited by the Soviet Union (itself ravaged by the greater German Reich), confronted by Soviet tanks during the workers' uprising of June 1953 and then finally trapped inside walls — the citizens of the GDR have had to pay and, as proxies for the citizens of the Federal Republic, to pay and pay again. It was not we who bore the chief burden for a world war that all Germans lost. No, they bore it, in unfair measure.

And so we owe them quite a lot. What is needed is not a patronizing *"quick boost" or a brisk buyout of* the "bankrupt GDR," but rather a far-reaching equalization of burdens, payable at once and with no conditions. We can finance the debt we owe by cutting our military budget and imposing on every West German citizen a surtax commensurate with his or her income.

Only then, when our compatriots in the GDR — exhausted, up to their necks in water and still fighting for freedom piece by piece — receive justice from our side, only then can we speak and negotiate as equals, they with us and we with them, about Germany and Germany, about two states with one history and one culture, about two confederated states in a European house. The precondition for self-determination is all-encompassing independence, and that includes economic independence.

The hocus-pocus of *reunification* rhetoric is seductive but gets us nowhere. Once that is set aside, it becomes clear that the suggestion of Hans Modrow, prime minister of the GDR, for a contractual community is well suited to the present situation and its eventual possibilities.

This would allow for a commission, with equal representation from both countries, to coordinate obvious matters such as transportation, energy and postal service — and to oversee the equalization payment that the Federal Republic owes the GDR. An additional task in the service of peace would be *a step by step reduction of defense* budgets, as well as coordination of joint German responsibility for development aid to the Third World.

The commission could likewise enrich with new meaning Johann Gottfried Herder's concept of national culture. And, not the least of its tasks, it could put a halt to environmental pollution, which disregards all national boundaries.

All such efforts and more like them, if they are successful, will make room for further German-German advances, and so smooth the way for a confederation of the two states, if that is what is wished. But *with one precondition:* the renunciation of any unified state on the basis of reunification.

A reunited Germany would be a colossus, bedeviled by complexes and blocking its own path and the path to European unity. A confederation of the two German states, and their declared renunciation of a unified state, would benefit European union.

The New York Times.

A Victorious Captain Named Linda

By Anna Quindlen

NEW YORK — During the invasion of Panama, an army captain was sent with a platoon of soldiers to capture a Panamanian *Defense Forces kennel. It turned out* that the kennel contained more than guard dogs: there were also PDF troops. The shooting began, and by the time it stopped, three PDF men were dead and the American soldiers had captured the kennel.

The army captain's first name was Linda. As though Central Casting had collaborated with the women's movement to make the story *even better in the telling, she stands* 5 feet 1 inch (1.55 meters) and weighs just a little more than 100 pounds (45 kilograms).

The members of the 123-member company she commands call her Captain Bray. On Dec. 20, as she led 30 troops into battle, she made military and women's history. An American woman had never done such a thing before.

The question of whether women should be allowed to fight side by side with men in combat goes straight to our deepest feelings — and prejudices — about differences between the sexes, how men should be obliged to treat women and how women should be treated by society.

There are many objections. The oldest saw is that women can't do it, that they're too emotional or volatile or weak. I suspect that many of the women who serve in urban police forces would find that simplistic assessment insulting.

Another rationale is that men in the trenches, because of instinct and conditioning, would spend too much time trying to protect their female colleagues and not enough fighting the enemy. No one effectively explains why men can override an instinctive and conditioned desire to stay out of harm's way when they enter combat, but not the instinctive and conditioned desire to protect women. (The argument presupposes a relationship between the sexes that I have not encountered on crosstown buses or elevators in many years.)

The most overwhelming argument is the most amorphous: that we simply *do not want women engaged in* something as horrible, destructive and aggressive as combat.

What this means for the women of today's armed forces is a long hallway with many closed doors. Be all that you can be: If you are a woman in the army, that means you can be in the military police, like Captain Bray, but not the infantry or artillery. Such combat positions are *closed to women by law*, because of necessary protection or old-fashioned prejudice, depending on where you stand. Women make up almost 11 percent of the military, but they *are barred from thousands of jobs.*

For many of us in professions that embraced women as long as they knew their place, the military rules seem to codify attitudes we faced covertly. Imagine allowing women to practice law but forbidding them to argue in court. Imagine allowing women to practice medicine but forbidding them to wield a scalpel. Imagine allowing women to become reporters but forbidding them to serve as war correspondents.

Truth is, in some places, for some good long time, those rules tacitly applied in law firms, medical schools, newspapers. That has changed.

The military changes slowly. The lines between combat and noncombat units have blurred, but the front lines are still formally closed. So, too, say some critics, are the best jobs and best promotions.

This argument about equal rights puts feminists who don't like militarism any better than sexism in a strange place. But some career soldiers may find themselves in an even stranger one. Some of them are men who still rage at the idea of *women at the Point, let alone the* choice last year of a first captain of the Corps of Cadets named Kristin. But there is something they dislike more than women in the service. They hate to lose. And as the number of women in the armed forces and the service academies continues to grow, the ranks will be weakened if capable women are left at home.

What happened outside that kennel *in Panama will doubtless result* in more study of the proper place for women in the service. Representative Pat Schroeder is drafting legislation to let army women assume combat roles in a test unit, although she is not optimistic about passage.

But those of us who have been first woman something-or-other, who have done the jobs they said we couldn't do, know there is another way to move things along. Just do it. Just find a way to argue the case, to perform the surgery, to cover the war, and then everyone will know that it can be done. Last month Captain Linda L. Bray gave women in the army that chance. She came, she saw, she conquered.

The New York Times.

100, 75 AND 50 YEARS AGO

1890: English Capitalists

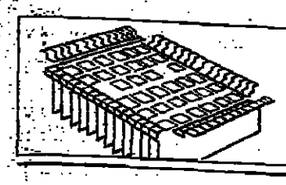
PARIS — *A Herald editorial says:* American financiers and statesmen are discussing the effects of English capital in the United States. Senator Sherman fears a panic. Senator Stanford resents foreigners holding large blocks of land. Senator Cockerell fears for American commerce if European capital controls the markets. And so on with a variety of opinions, good, bad and indifferent.

1915: Food for Belgium

LONDON — The following is an *extract from* the report of Mr. Herbert Hoover, chairman of the American Commission of Relief in Belgium, who Jan. 6 returned to London from a tour of inspection through Belgium: "The organization for distribution of food supplies in Belgium is now well on the road to completion. The destitute comprise about 1,400,000 souls now wholly fed by the public canteens, and the cost of supporting them amounts to about £500,000 per month, which *finance rests on the charity of the* world. All Belgium is now on a ration of 10 ounces of bread per diem."

1940: Dr. Mann's Truth

NEW YORK — Dr. Thomas Mann, exiled German writer and winner of the Nobel Prize for Literature, told the Friends of German Freedom at the organizations's first dinner meeting at the Hotel Edison that Fascism and Communism were similar "in their dictatorial negation of freedom." Dr. Mann, referring to the "tragic and shameful events in northeastern Europe," said: "As far as Communism is concerned, its essential contrast to what we call social democracy, to responsible freedom, cannot be grasped today too clearly nor emphasized too strongly. Fascism and Communism have their juncture in an extreme collectivist ethos in which the values of individual morality, including the idea of *truth itself*, go to ruin."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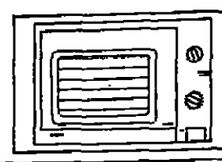

TO MICROWAVES
In Touch with Tomorrow
TOSHIBA

EUROBONDS

Bonds Begin Year Slowly As Investors Prefer Cash

By Carl Gewirtz
International Herald Tribune

PARIS — The international capital market began the year with a whimper. New-issue volume was light and the response was even thinner, with investors registering a strong preference for remaining in cash. Short-term interest rates in dollars and yen are just about equal to returns being offered on five-year Eurobonds, while in Deutsche marks and European currency units, Eurocurrency deposits of less than one year provide 2 percentage points more income than five-year bonds. In sterling, short-term rates are 3 percentage points higher than bond yields.

In these circumstances, investors are well paid to sit back and wait for clear signs of a slowdown in inflation before rushing to buy bonds.

An important test of investor sentiment will be the World Bank's global bond issue this month.

The most important test of investor sentiment is likely at the end of this month, when the World Bank is expected to launch another $1.5 billion of global bonds. The first such issue, last September, was a 10-year bond and current speculation is for the new issue to run for five years.

Global bonds differ from ordinary bonds by being offered simultaneously in the domestic U.S. and Japanese markets, as well as in the international arena. Thanks to the World Bank's status as a tax-exempt institution, the global bonds overcome the registration and taxation hurdles that normally keep these markets segmented.

The new issue has also been cleared for primary distribution in Japan, which was not the case for the first issue. As a result, four Japanese institutions have been appointed as underwriters with two — IBJ International and Nomura Securities — named as co-lead managers. The Bank of Tokyo and Daiwa Securities have joined the underwriting group while Yamaichi, among the three Japanese underwriters of the first issue, has been rotated out.

The lead managers have also been rotated, with Goldman Sachs and Morgan Stanley replacing Deutsche Bank and Salomon Brothers, who held that coveted position in the initial offering. In all, the new group includes 15 underwriters, compared with 14 last year.

WORLD BANK SPOKESMEN emphasized that the rotations in the underwriting group — which also includes S.G. Warburg replacing Swiss Bank Corp. — in no way reflected upon the performance of the banks in the maiden issue, but rather a desire by the World Bank to distribute its favors among the large number of institutions with which it has longstanding relations.

"It is important for the market to understand that our global syndicate is not engraved in stone," said Treasurer Donald C. Roth in a statement announcing plans for the new issue. Banks vie for the position as lead managers not only because they get a larger portion of the issue — and thus larger fees — but also because it adds to their ranking in the year-end league tables of top underwriters.

Despite the inability to distribute the first issue broadly in Japan during the primary market syndication, World Bank officials said that roughly a fifth of the initial issue was sold there. With the registration hurdle out of the way, it's expected that a much larger amount of the new issue will be taken by Japanese investors, which accounts for the wider role given to Japanese underwriters.

The timing of the issue may not be the most propitious. The dollar weakened sharply last week, tumbling to just under 1.70 DM for the first time since May 1988. The view among foreign exchange traders is that the dollar is now more likely to move lower and, if it breaches 1.65 DM, could test the low of 1.58 DM set at the start of 1988.

While Friday's closing rate of 1.6905 DM is a 15-percent decline from the levels seen only four months ago, European investors show no signs of bargain hunting to buy the currency.

But against the yen the dollar is virtually unchanged, down a mere 2 percent. This reflects both the Bank of Japan's less aggressive tightening of monetary policy (recorded inflation is lower than in West Germany) and the uncertainty about the outcome of the upcoming elections for the lower house of the Diet. For many analysts, the relative stability of the yen-dollar rate and the yen's weakness compared to the mark looks untenable in the light of underlying economic developments.

Nevertheless, the view at both the World Bank and among the underwriters of its new issue is that there is always a core demand for dollar-denominated securities regardless of where the currency is trading or how interest rates are moving, so long as the new offering is priced realistically.

Japanese analysts see relatively little new money currently being committed to purchasing dollar securities. The bulk of the

See EUROBONDS, Page 9

Ford Set To Leave Defense

Aerospace Units Reported for Sale

By Sandra Sugawara and Warren Brown
Washington Post Service

WASHINGTON — Ford Motor Co., concerned about future cuts in defense spending and unrelenting global competition in the auto market, has put its aerospace and communications division up for sale, according to sources.

Ford Aerospace & Communications Corp., with an estimated $2.5 billion in annual revenue and 13,000 employees engaged in a host of high-technology government projects, is one of the company's crown jewels.

Sources said Friday that the defense business has suddenly lost appeal because of the anticipated reductions in defense spending accompanying the easing of U.S.-Soviet tensions. As important for Ford, the sources said, was its need to concentrate capital on improving its worldwide auto manufacturing plants.

Like its two American rivals, General Motors Corp. and Chrysler Corp., Ford wound up 1989 in a troubling sales slump, although it was the only domestic automaker to increase its share of the car market last year. Ford's auto sales dropped 22 percent in late December from the same period a year ago.

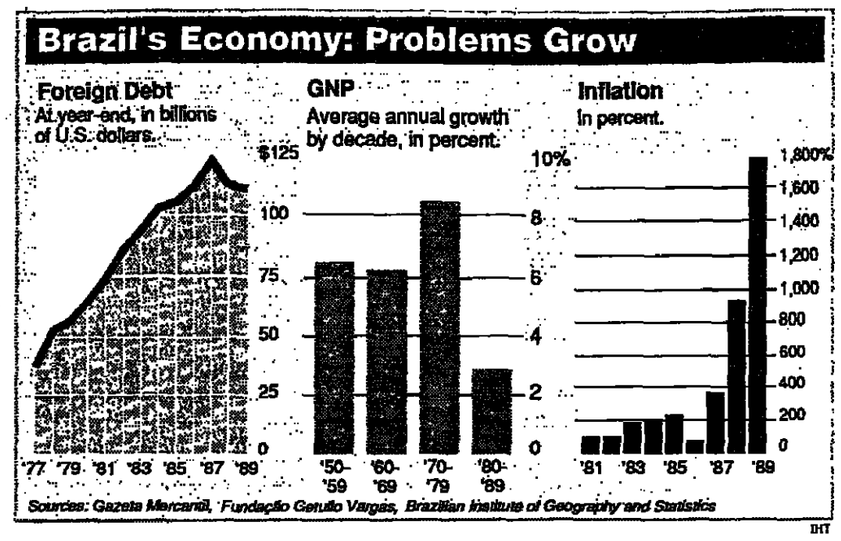
In December, Chrysler announced it would sell its defense business, but GM denied any interest in doing the same, saying its Hughes Aircraft Co. subsidiary was an integral part of its business.

There was no indication of how much Ford is seeking for the aerospace division, and sources said Ford "would not give it away." A prospectus has been distributed to potential buyers. Industry sources speculated that Boeing Co., TRW Inc., Martin Marietta Corp. and McDonnell Douglas Corp. could be among the interested parties.

One industry analyst, Wolfgang Demisch of UBS Securities Inc., said it would make sense for Ford to sell its defense business, given the climate in both the military and auto industries.

But Mr. Demisch added that it did seem unusual in one respect, because Ford just about a year ago bought BDM International Inc., of McLean, Virginia, and it appeared now to be reversing its strategy in a surprisingly open fashion. "But I defy anybody a year ago to predict the kind of political changes we've seen in the past year," he said.

BDM is one of the pioneer technology firms in the Washington metropolitan area.



In Brazil, Recipe for Survival

President-Elect Offers Ambitious Anti-Inflation Plans

By James Brooke
New York Times Service

RIO DE JANEIRO — Fernando Collor de Mello, Brazil's president-elect, has some ambitious plans for his troubled nation.

The need for them is plain, for as the finance minister, Mailson Ferreira de Nóbrega, has pointed out the 1980s were "a lost decade" for Latin America's largest nation.

"Per capita income stagnated, inflation beat all records, investment declined, public finances went into virtual collapse, and the foreign debt crisis prematurely transformed Brazil into an exporter of capital," he wrote recently in a remarkably blunt assessment in the Jornal do Brasil.

Determined to mend things, Mr. Collor has put together a Thatcheresque package of goals and means that includes:

- Cutting Brazil's inflation rate, which ran at a record 1,765 percent in 1989, by catching tax cheats, cutting the number of ministries in half and selling money-losing state companies.
- Reducing the burden of Brazil's $110 billion foreign debt, the largest in the Third World, by encouraging foreign creditors to swap their debt titles for shares in Brazilian companies, and to renegotiate the debt so that service payments are capped at $5 billion a year.
- Restoring growth after a decade of stagnation, by encouraging foreign investment, lowering trade barriers and promoting greater integration with the developed world.

To this end, he is to travel to the United States, Western Europe and Japan before taking office for his five-year term on March 15.

Even the foreseeable obstacles to this grand plan for the 1990s, however, are formidable.

On the political side, implementation of most of Mr. Collor's changes depend on approval from a powerful National Congress.

Mr. Collor does not control Congress now and further problems for him could develop in October, when elections will take place, at a time when the country may be in what Mr. Collor expects to be "a small recession."

In the 1980s, Brazil was overtaken by the Pacific Rim nations as the Third World's hot growth area. Now, the fear here is that Eastern Europe will draw away foreign capital.

"Eastern Europe is the new competitor of Latin America," read a recent newspaper headline here.

Running against the trends of the last 30 years of Brazilian economic thinking, Mr. Collor has proposed foreign investment in such traditionally state-dominated areas as road building and energy generation.

But Mr. Collor and his colleagues realize that to attract foreign capital they must also improve Brazil's economic environment to reverse the outflow of Brazilian flight capital — $1 billion a month last year, according to the American Embassy.

The Dec. 17 presidential election, which Mr. Collor

See BRAZIL, Page 9

China Says It Has Gold to Pay Debts

Reuters

BEIJING — A senior Chinese official said Sunday that Beijing's recent currency devaluation would not create serious problems in paying its more than $40 billion of foreign debt, and he indicated that the country may sell gold to raise some of the money needed.

The official China Daily on Sunday also quoted Tang Gengyao, director of the State Administration of Foreign Exchange Control, as saying China had gold reserves of 12.7 million ounces.

"We are capable enough of making debt repayment because we have enough reserves, including 12.7 million ounces of gold, which can be used at any time," he was quoted as saying.

He did not give any comparative figure for the gold reserves, which would be worth about $5.08 billion at current market prices.

Mr. Tang also said, however, that China's foreign currency reserves fell $3.3 billion last year, to $14.2 billion, and blamed it on political unrest.

China devalued its currency, the yuan, by 26.9 percent on Dec. 16 to help boost flagging exports and slow import growth. The move will make loans in foreign currency more expensive to repay.

The government hopes the devaluation will help attract more foreign investment by making it cheaper to buy materials in China. Foreign investment has stagnated since prodemocracy demonstrations were crushed in June.

China is expected to face a repayment peak on its foreign debt in the early 1990s.

Mr. Tang said China would continue an active, but cautious approach to borrowing in the years ahead.

The World Bank has halted new loans to China since June and many foreign commercial banks have stayed away from the market.

The official said the nation's debt-service ratio, calculated by taking debt as a proportion of export earnings, was an manageable 15.1 percent. The ratio measures a nation's ability to repay debt and anything below 20 percent is generally considered acceptable.

Mr. Tang said short-term debt accounted for only 15.8 percent of China's $40 billion of debt as of June.

■ Barter With Poland Ends

China Daily said China is ending its barter trade arrangements with Poland and is discussing a similar move with Hungary, Reuters reported from Beijing.

The newspaper said all trade with Poland this year would be for cash.

China has long maintained barter trade with other socialist countries, all of them short of hard currency. It has negotiated annual trade volumes at the central government level, setting values of goods to be exchanged in Swiss francs.

East European diplomats said barter trade was losing its appeal as market-oriented economic reforms were implemented in East Europe.

Sony Ready to Market Digital Tape Products

Reuters

LAS VEGAS — Sony Corp. has said it plans to introduce digital audio tape products in the first half of this year and to launch a marketing blitz for the controversial technology.

The moves were announced by Marty Homlish, president of the company's audio components systems group, at a press conference Saturday before the opening in Las Vegas of the Winter Consumer Electronics Show.

But in the United States, whether the new products reach retail shelves depends upon legislation expected to be introduced in Congress this month.

The recording industry had vehemently opposed the new technology because the digital cassettes can be used to record, as well as play, music, unlike compact discs.

The industry claimed the new technology would cost it millions of dollars annually in lost sales as a result of home taping and counterfeiting.

Opposition by U.S. record companies has quieted down recently because record manufacturers expect to be big suppliers. One the largest, CBS Records, was taken over by Sony in 1988.

Legislation about restricting piracy was drafted after an accord was reached last summer and is likely to be discussed in Congress this spring. Opposition, such as the union representing song writers, persists.

Mr. Homlish said the launch of digital audio tapes would be a challenge. "But it represents a new opportunity for new business in the future," he said.

Sony executives would not estimate how much the digital players or software would cost. They said portable players would be available by the end of the year.

At the opening of the show, the Electronic Industries Association said U.S. sales of consumer electronics are expected to grow only 4 percent in 1990 to about $33.4 billion, down from 6 percent in 1989.

"We are predicting continued growth in each of the major segments of our industry, raising the sales total for the year to $33.4 billion," Frank Myers, vice president of the consumer electronics group of the association, said.

Color televisions, camcorders and videodisc players will largely power video sales growth, Mr. Myers said. About 6.5 million compact disc players were sold in 1989 and sales of about 7.5 million are expected this year.

Alan Bond Fails To Convince U.S. Creditors

Compiled by Our Staff From Dispatches

SYDNEY — Despite urgent talks over the weekend, Bond Corp. Holdings has failed to persuade U.S. creditors to give up their demand for immediate payment of loans, a director of the Australian conglomerate said Sunday.

Peter Lucas, a director, said little progress had been made at an urgent meeting with U.S. leaders of a $510 million credit facility. Peter Mitchell, an executive with Alan Bond's media, brewing and financial empire, met representatives of about 70 to 80 percent of the U.S. creditors in New York on Friday and Saturday.

"There was not much progress out of the meeting," Mr. Lucas said in a television interview. He said there had been "lots of questions asked, lots of answers given."

But when he was asked if Bond Corp. could meet the U.S. lenders' demand, Mr. Lucas said, "I wouldn't think so."

He added, "It will be interesting to see just how these things develop in the early days of next week."

The U.S. creditors demanded immediate repayment of their loan last Friday and indicated they would support the decision by National Australia Bank on Dec. 29 to put Bond Brewing Holdings, the group's Australian brewing arm, into receivership. Bond Corp. has challenged the receivership, alleging that National Australia and other banks in a syndicate of lenders had willfully conspired to injure the company's breweries.

The National Australia syndicate is owed 740 million Australian dollars ($580 million). The Victorian Supreme Court is to begin the second week of hearings into the Bond challenge on Monday.

Mr. Lucas said the whole Bond group — saddled with debts estimated at 5.5 billion dollars — would not collapse if Bond Corp.'s legal challenge failed in an Australian court.

"I think there have been some misconceptions in the marketplace that the whole pack of cards will come down," he said.

Last Friday, in a separate action, Bond Corp. won a court battle against the Western Australian State Government Insurance Commission, which sought to put the brewing and media empire into liquidation.

The Western Australian Supreme Court in Perth dismissed an insurance commission petition to place the company under the control of a provisional liquidator, calling it an abuse of the court process.

Mr. Lucas said Bond Corp. would begin legal proceedings in Western Australia this week against the insurance commission, but he did not elaborate.

The director also said that Bond Corp. was willing to hear from the U.S. businessman, Jeff H. Reynolds, who is reported to be interested in taking over the group. A statement attributed to Mr. Reynolds in Los Angeles late last week said he was prepared to invest $250 million in Bond Corp. in exchange for control of the company.

Mr. Lucas said that Bond Corp. "looked forward to the next communication" from Mr. Reynolds, chairman of Weatherby Investments Inc. in California and California Pacific International Pte. of Singapore. He is believed to have property and mining interests in Texas and the West Coast of the United States.

Mr. Reynolds was reported to have said he could refinance Bond Corp.'s massive debt.

Analysts said any foreign bid to take control of the Bond empire was likely to run into trouble with Australia's Foreign Investment Review Board. *(Reuters, AFP)*

■ Australian Image Woes

An Australian credit-rating agency said foreign banks were becoming disillusioned with Australia and New Zealand because of the actions of some dishonest company directors, Reuters reported from Sydney.

The managing director of Australian Ratings Pty., Duncan Andrews, said in a television interview that some directors should be jailed for using client's money as their own private property.

"There are a lot of, for example, national banks that really are very, very of disillusioned with Australia and New Zealand," Mr. Andrews said.

Australian Ratings had been receiving regular complaints.

Bonn to Veto Combination Of Retailers

Reuters

STUTTGART — West Germany's economics minister, Helmut Haussmann, said on Sunday that he would not approve plans by the retail group Asko Deutsche Kaufhaus AG and Swiss-based Metro International AG to form a joint venture, raising questions about any future such ventures here.

Speaking at a meeting of his liberal Free Democratic Party, Mr. Haussmann said the two firms should drop their plans for a 50-50 joint venture. MNB Im- und Export Handels AG, and that the plan would not get his approval whether or not it got that of the Federal Cartel Office.

Mr. Haussmann said that he had filled his merger quota for a long time with his approval of the controversial merger of Daimler-Benz AG and Messerschmitt-Bölkow-Blohm GmbH. He approved that accord despite the Federal Cartel Office's objection.

Asko announced the planned venture, subject to approval by the Cartel Office, on Jan 2.

At the time, a spokesman for the Cartel Office said that he was concerned about the venture's possible effects on competition in West Germany's retail sector. Metro already controls West Germany's second-largest retailer, Kaufhof Holding AG.

The planned venture would have been made up of Asko's nearly 50 percent stake in the retailer Massa AG, as well as Metro's activities in the retailers Primus/Meister, Huma and BLV.

Metro would also have taken a 10 percent stake in Asko.

On Wall Street, Informing Can Pay Dividends

Reuters

NEW YORK — Two small companies have found gold in a clause of the U.S. securities law that bars company officials from first buying and then selling their firm's stock within a six-month period.

The two companies, CRA Realty Corp. of New York and Jammies International Inc. of West Palm Beach, Florida, monitor public documents filed with the Securities and Exchange Commission looking for company officers and directors who have slipped up in complying with the so-called "short-swing" rule.

If the rule is broken, the firms can file a lawsuit against the company officer and collect a reward.

Having tumbled upon this apparent untapped gold mine, they have hit at least 75 corporate officers with lawsuits within the past two years.

One firm's numerous lawsuits prompted Federal Judge Robert Carter to describe it as "an organization apparently formed as a private attorney general to police compliance with the federal securities laws by corporate officials."

Under securities law, a company officer or director cannot buy and then sell his company's stock within a six-month period because he or she may be trading with inside information. The suits accuse the officers of violating this rule.

One defendant in such a suit, who requested anonymity, described the two firms as "securities ambulance chasers."

A majority of the 75 lawsuits were settled before trial, with many defendants agreeing to give up the alleged ill-gotten gains. CRA and Jammies generally received a few thousand dollars from each lawsuit.

Under the short-swing rule the first person to notify a company of a breach can get up to a third of the money the officer must give up in profits from the trading.

If the company takes no action after getting a letter from a whistleblower, the informer can file a lawsuit. A judge could then order the official to give up the illegal profits to the corporate treasury and part would be given to the whistle-blower.

The Securities and Exchange Commission, the Washington-based government agency charged with enforcing securities law, says it generally condones such lawsuits.

Daniel Goelzer, the SEC's general counsel in Washington, said: "The agency simply does not have the manpower to go after every alleged violator of securities law."

The information used by whistleblowers is readily available. Many newspapers routinely publish purchases and sales of stock by officers and directors.

Jakarta Reassures Firms

Agence France-Presse

JAKARTA — The Indonesian government has assured domestic and foreign companies that they would not be forced to sell part of their equity to cooperatives following an appeal to do so by President Suharto.

"This is an appeal and not an entirely new policy," the coordinating minister for the economy, Radius Prawiro, said Saturday after meeting Mr. Suharto.

The initiative, spelled out by Mr. Suharto on Thursday in a speech to parliament unveiling the government's fiscal 1991 draft budget, surprised many Indonesian and foreign businessmen.

Mr. Suharto, citing what he described as a constitutional mandate to help develop cooperatives, said companies should sell up to 25 percent of their shares to them. Foreign joint ventures divesting their equity should give cooperatives first priority, he added.

There are some 34,000 cooperatives operating mostly in the countryside, producing and marketing agricultural and small industrial goods.

Mr. Prawiro said many companies had been successful because of the conducive business climate created by the government, and it was proper to ask for their help in developing the cooperatives.

Critics have charged over the past few months that conglomerates, many benefiting from government patronage, had grown rapidly at the expense of small businesses and especially of the cooperatives.

Mr. Prawiro said the government would draft guidelines on transferring equity in "healthy companies" to "healthy cooperatives."

CURRENCY RATES

Cross Rates

Jan. 5

	$	£	DM	F.F.	Fl.	Kr.	B.F.	S.F.	Yen
Amsterdam	1.916	3.177	1.1292	0.3305	0.1586 *	——	5.373 *	1.2537	1.3251 *
Brussels(c)	35.4325	57.59	21.077	6.15	2.8807 *	18.6885	——	22.9565	0.2469
Frankfurt	1.6882	2.756	——	0.2927	0.1322 *	0.8856	4.757 *	1.0939	1.173 *
London (b)	1.6375	——	2.7523	9.485	2.871.80	3.16	57.855	2.516	235.29
Milan	1,368.00	2,068.70	750.65	219.68	——	664.80	39.716	819.30	8.82
New York(c)	——	1.6252 b	1.6985	5.778	1,265.50	1.509	35.475	1.5438	144.50
Paris	5.793	9.425	3.4166	——	0.4553 *	3.0255	0.1626	3.728	4.022 *
Tokyo	143.65	226.30	85.48	25.83	0.1141	75.79	4.0671	93.34	——
Zurich	1.5413	2.5229	0.9161	0.2681	0.1717 *	0.8182	4.3444 *	——	1.0699 *
1 ECU	1.1962	0.7345	2.0278	6.9273	1,520.54	2.2898	42.6128	1.857	173.526
1 SDR	1.3186	0.8077	2.226	7.6385	N.Q.	2.5264	46.9839	2.0365	189.347

*Closings in London and Zurich, fixings in other centers. New York closing rates. a: Commercial franc; b: To buy one pound; c: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	1880.0	Fin. markka	4.043	Mex. peso	2677.00	S. Afr. rand	2.5485
Austral. $	1.2755	Greek drac.	158.40	N. Zealand $	1.8775	Soviet ruble*	0.6072
Austr. sch.	11.86	Hong Kong $	7.812	Nig. naira*	5.2995	Span. peseta	109.80
Brazil cruz.	12.042	Indian rupee	17.007	Norw. krone	6.5635	Swed. krona	6.182
Canadian $	1.161	Indo. rupiah	1788.00	Phil. peso	22.84	Taiwan $	25.97
Chilean peso*	472	Irish £	0.6452	Port. escudo	149.50	Thai baht	25.66
Colom. peso*	6.58	Israeli shek.	1.98	Saudi riyal	3.748	Turkish lira	2288.80
Egypt. pound	2.5582	Kuwaiti dinar	0.2918	Sing. $	1.987	UAE dirham	3.67
		Malay. ring.	2.7063	S. Kor. won	680.70	Venez. boliv.	43.10

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6114	1.6035	1.5947	Canadian dollar	1.1659	1.1692	1.1729
Japanese yen	145.43	145.26	144.11	Swiss franc	1.5584	1.5573	1.5563
Deutsche mark	1.7209	1.7203	1.7200				

Sources: Iddaauw Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	Jan. 5	Dec. 29	Change
DJ Indus.	2,773.25	2,753.20	+ 0.73 %
DJ Util.	227.43	235.04	— 3.24 %
DJ Trans.	1,179.23	1,177.81	+ 0.12 %
S & P 100	329.55	329.35	+ 0.06 %
S & P 500	351.99	353.40	— 0.40 %
S & P Ind	404.20	403.49	+ 0.18 %
NYSE Co	194.53	195.01	— 0.25 %
Britain			
FTSE 100	2,444.50	2,422.70	+ 0.90 %
FT 30	1,948.80	1,916.60	+ 1.68 %
Japan			
Nikkei 225	38,274.00	38,915.00	— 1.65 %
West Germany			
DAX	1,820.00	1,790.37	+ 1.66 %
Hong Kong			
Hang Seng	2,939.94	2,836.57	+ 0.12 %
World			
MSCIP	571.00	565.80	+ 0.92 %

Source: Morgan Stanley Capital Int'l.

Money Rates

United States	Jan. 5	Dec. 29
Discount rate	7.00	7.00
Federal funds rate		9½
Prime rate	10½	10½
Japan		
Discount	4¼	4¼
Call money	6 13/32	6½
3-month interbank	6 17/32	6¾
West Germany		
Lombard	8.00	8.00
Call money	7¾	8.10
3-month interbank	8.30	8.05
Britain		
Bank base rate	15.00	15.00
Call money	15 1/16	15 1/16
3-month interbank	15½	15 3/16

Gold	Jan. 5	Dec. 29	Change
London p.m. fix.s	405.00	401.00	+ 0.10 %

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COMETE
FONDS COMMUN DE PLACEMENT
20, boulevard Emmanuel-Servais
2535 Luxembourg

Avis de liquidation aux porteurs de parts

Le Conseil d'administration de COMETE GESTION, société de gestion du fonds commun de placement COMETE, a décidé, lors de sa réunion du 25 septembre 1989, de mettre fin aux opération du fonds et de procéder à la liquidation.

Conformément à l'article 17 du règlement de gestion, l'émission et le rachat des parts sont arrêtés à partir de ce jour.

En sa réunion du 6 novembre 1989, le conseil d'administration de COMETE GESTION a décidé de la procédure de cette liquidation. Il est prévu de rembourser aux participants la valeur nette de liquidation qui sera déterminée par la société de gestion.

Le remboursement sera effectué pour les certificats au porteur de parts moyennant remise des certificats à l'agent payeur, Banque Privée Edmond de Rotchschild S.A., succursale de Luxembourg, 20 boulevard Emmanuel-Servais, Luxembourg ou sera expédié pour les certificats nominatifs de parts à l'adresse figurants dans le registre des parts.

Les sommes qui n'auront pas été distribuées lors de la clôture des opérations de liquidation seront déposées à la Caisse des Consignations à Luxembourg au profit des ayants-droit.

Par ordre du Conseil d'administration
de COMETE GESTION

WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Securities, London. Tel: 01 323 11 30. Prices may vary according to market conditions and other factors. Jan. 4

Dollar Straights

Europe pre 1995

Issuer	Con	Mat	Price	Yld Mat	Spd Trsy
Austria Wheat	9½	93	101½	9.02	+96
Austri Control	8¾	93	98⅝	8.63	+58
Austri Control	9¼	94	102¼	8.63	+58
Austria	9⅝	93	102⅜	8.63	+56
BFCE	7¼	91	97⅞	8.73	+66
BFCE	7	92	96⅝	8.64	+58
BFCE	7¼	93	94	8.65	+58
BFCE	8⅝	94	99⅜	8.54	+50
BNP	8⅝	94	99⅞	8.64	+60
Belgium 2	7½	91	98⅝	8.64	+58
Belgium 2	7¾	91	98⅝	8.67	+59
Belgium 2	8½	91	99⅝	8.68	+60
Belgium	8½	93	99⅜	8.72	+65
Belgium 2	8¼	93	98⅝	8.70	+64
Belgium	9½	92	101½	8.61	+55
CBA	9¼	93	101	8.59	+63
CCCE	7⅞	91	97½	8.66	+60
CEPME	7⅞	91	98	8.72	+63
CEPME	7¼	92	97⅛	8.65	+62
CNCA	11⅛	92	105¼	8.76	+70
CNCA	7¼	91	97¼	8.84	+78
CNCA	9⅝	93	101⅞	8.76	+70
CNCA	7⅞	94	95½	8.86	+81
CNCA	8¾	94	100	8.74	+70
CNT	7	91	97⅞	8.84	+82
Com Bk Austria	10	93	103⅞	8.84	+78
Cr Foncier	7¼	94	94⅞	8.64	+58
Cr Foncier X/w	8⅞	91	102⅝	8.64	+58
Cr Foncier X/w	12½	92	108⅝	8.68	+61
Cr Lyonnais	7¾	93	96¼	8.99	+92
Cr Natl	7¼	91	97½	8.70	+64
Cr Natl	7⅝	92	97⅞	8.65	+58
Cr Natl	8½	93	98⅞	8.61	+54
Denmark	8⅝	91	100¼	8.53	+45
Denmark	8⅝	91	99¾	8.73	+65
Denmark	8¼	91	99⅝	8.78	+63
Denmark	7⅝	92	97	8.69	+63
Denmark	7¾	93	97⅝	8.67	+61
Denmark	8¼	94	98½	8.64	+59
EDC	8¾	91	99½	8.69	+61
EDF	7⅞	93	97⅝	8.61	+55
EEC	10	93	103⅝	8.57	+50
EEC	7	91	97⅞	8.82	+56
EEC	8⅝	93	99¾	8.63	+56
EEC	7¾	93	96⅝	8.63	+56
EEC Oct	12	93	110¼	8.65	+58

Europe post 1994

Issuer	Con	Mat	Price	Yld Mat	Spd Trsy
Australia	11	95	109⅛	8.69	+64
Australia	11½	95	111⅛	8.82	+74
Austria	11¼	95	109⅝	8.77	+74
Austria	7¼	97	95¼	8.67	+51
Austria	8⅝	00	99	8.72	+61
Austria	8½	00	98⅛	8.72	+59
BFCE	9¼	95	102½	8.69	+68
BFCE	7⅝	96	95⅝	8.70	+55
BFCE	7¼	97	95.050	8.70	+55
BNP	8¾	95	99¾	8.69	+66
Basf Fin	8	96	96¼	8.75	+63
Belgium	9¼	98	104½	8.83	+69
Belgium	8	97	96	8.78	+62
Boots Co	9	97	99¼	9.15	+99
Brit Telecom	7⅝	96	94¼	8.78	+62
Brit Telecom	9⅝	98	103⅝	8.81	+67

Far East

Issuer	Con	Mat	Price	Yld Mat	Spd Trsy
Bk Tokyo	8	93	97½	8.79	+73
Bk Tokyo	8⅝	96	97½	8.91	+80

United States

Issuer	Con	Mat	Price	Yld Mat	Spd Trsy
Aetna Life	9½	95	103¼	8.74	+66

Third World

Dollar Zero Coupons

ECU Straights

Yen Straights

To Our Readers

Prices for Deutsche mark-denominated bonds were not available due to technical problems at the source. We regret the inconvenience.

MUTUAL FUNDS

Figures as of close of trading Friday, Jan. 5.

NEW YORK (AP)— The following quotations, supplied by the National Association of Securities Dealers, Inc. are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

NL— No initial sales load. f—Previous day's quote. r—Redemption charge may apply. x— Ex dividend.

The Daily Source for International Investors.

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Plans to Urge Flexibility on East-West Trade

Soviet Union Intensifies Its Campaign Against NATO Missile Program

New International ... Compiled by Laurence Desvilettes

Issuer	Amount (millions)
Floating Rate Notes	
Nippon Steel Int'l Finance	$ 50
Fixed-Coupons	
Banque Nationale de ...	$200
Eire	$100
... Ireland Finance	
SNB	$200
Swedish Export Credit	$200
Denmark	£ 100
Deutsche Finance Netherlands	DM 1,000
Deutsche Bank Finance	£ 100
Morgan Guaranty Trust London	£ 100
Unilever	£ 100
Gregen Finance	ECU 60
IBM Int'l Finance	ECU 125
Johnson & Johnson	ECU 100
SC Finance (Cayman Islands)	ECU 100
Toronto Dominion Bank	C$ 100
Toronto Dominion Bank	C$ 65
Australia National Railways	Aus$ 120
Commonwealth Bank of Australia	Aus$ 100
Ford Credit Australia	Aus$ 75
State Bank of South Australia	¥ 15,000
Equity-Linked	
Graphtec	$100
Boots Finance	£ 160

EUROBON...

(Continued from first finance p...

continuing outflow — which ... week obliged the Bank of Japa... intervene to keep the dollar f... strengthening — is financing d... investment in the United St... But with the U.S. economy slow... and merger and acquisition act... declining, even that flow is ... expected to abate sharply.

One reason for the portfolio ... investment outflow to slow is the ... expected decline in the offerin... dollar-denominated equity-... rant bonds by Japanese compa... Investors in Japan are the la... buyers of the deep discount b... once the warrants have b... stripped away.

Last year, the Japanese is... $63 billion of such debt in the i... national market, slightly more ... double the $27 billion issue... 1988.

LIRA: Devalu...

(Continued from page 1)

...the fixed exchange rates puts ... question whether governm... really are prepared to pay the ... for such a union.

The economic significance ... mark revaluation is equally in... last, West Germany's desi... widely seen as a maneuver t... ... inflation to its neighbors ... at the same time to gain othe... significant advantages.

The problem facing West ... many's EC trading partners is ... fold: The immediate difficu... that the mark's strength again... dollar and yen pulls up the va... the other eight currencies; the ... ...er-term difficulty lies in intr... ...pean trade deficits with Ge... ...y, which seem to suggest the ... for changed currency values.

Although the 10-year histo... the EMS has been marked b... peated revaluations of the ... until Friday there had not bee... change in currency values for ... years.

That long period of stabilit... fostered largely by the d... strong performance and Eur... currencies' collective weal... which provided trade surplu... sharply reduced trade defici... all of Europe.

But the period of stability ... coincided with a re-thinking o... nomic strategy, notably b... French Socialists. Followin... quick devaluations of the fra... ter they entered office in 198... Socialists realized that the be... of a system of fixed exchange... accrue to the country whos... rency is revalued rather than ... one whose currency is devalu...

At first glance, the count... valuing gains competitive a... tage. The international price... products is reduced and the... its exports increase while im... more expensive after the de... tion, decrease.

But less obvious and mor... damental benefits are gain... businesses in the country ... currency has appreciated. Th... important benefit is that th... also an increase in the value ... capital stock — the value ... assets and ultimately the b... sheets of companies. Wealthi... bigger companies can borrow... easily and at more favorable... than can the companies in t... valuing country, whose asse... been impoverished.

Equally insidious, busines... devaluing country — with ... orders booming — have less ... tive to move upstream, to b... more efficient and to produ... items with more value adde... incentive is forced on indu... the revaluing country, sinc...

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Nippon Steel Int'l Finance	$50	1995	½	101⅞	—	Over 6-month Libor in first 2 years. Then interest will be a fixed 9⅛%. Callable at par in 1992. Fees 1⅛%. Denominations $10,000. (Mitsubishi Finance Int'l.)
Fixed-Coupons						
Banque Nationale de Paris	$200	1995	8⅝	101¾	99.75	Noncallable. Fees 1⅞%. (BNP Capital Markets.)
Orix Ireland Finance	$100	1994	8⅝	101⅞	—	Noncallable. Fees 1⅞%. Denominations $10,000. (Daiwa Europe.)
SBAB	$200	1995	8¾	101⅝	99.60	Noncallable. Fees 1⅞%. Denominations $10,000. (Nomura Int'l.)
Swedish Export Credit	$200	1991	12	100⅝	—	Redemption at maturity will either be in dollars or in Ecus at a fixed exchange rate of 1.15 ecu per dollar. Noncallable. Fees ⅝%. (Bankers Trust Int'l.)
Denmark	£100	2000	11⅝	101.813	—	Noncallable. Fees 2%. (Shearson Lehman Hutton.)
Deutsche Finance Netherlands	DM 1,000	1995	7½	100½	—	Noncallable. Fees 1⅝%. (Deutsche Bank.)
Deutsche Bank Finance	£100	1995	12⅛	101⅜	—	Noncallable. Fees 1⅞%. (Deutsche Bank Capital Markets.)
Morgan Guaranty Trust London	£100	1994	12⅜	101.425	—	Noncallable. Fees 1⅝%. (J.P. Morgan Securities.)
Unilever	£100	1994	12¼	101⅛	—	Noncallable. Fees 1⅝%. (Warburg Securities.)
Cregem Finance	ECU 60	1993	10¼	101⅞	100.50	Noncallable. Fees 1⅞%. (Crédit Lyonnais.)
IBM Int'l Finance	ECU 125	1995	9¾	101⅞	99.75	Noncallable. Fees 1⅞%. (UBS—Phillips & Drew Securities.)
Johnson & Johnson	ECU 100	1993	10	101⅞	100.38	Noncallable. Fees 1⅞%. (Merrill Lynch Int'l.)
SBC Finance (Cayman Islands)	ECU 100	1993	10	101⅝	100.28	Noncallable. Fees 1⅞%. (Swiss Bank Corp.)
Toronto Dominion Bank	C$100	1992	11¾	101.95	100.60	Noncallable. Fees 1⅝%. (Hambros Bank.)
Toronto Dominion Bank	C$65	1994	10¾	100.60	98.73	Noncallable. Fees 1⅞%. (Deutsche Bank Capital Markets.)
Australia National Railways	Aus$120	2002	zero	23.60	23.15	Yield 13.35%. Noncallable. Proceeds Aus$27.9 million. Fees 1⅞%. (Fay Richwhite U.K.)
Commonwealth Bank of Australia	Aus$100	1995	14	101.40	99.30	Noncallable. Fees 2%. (Hambros Bank.)
Ford Credit Australia	Aus$75	1994	14¼	102	100.30	Noncallable. Fees 1⅝%. (Westpac Banking.)
State Bank of South Australia	¥15,000	1995	6.90	101¾	—	Callable at par in 1991. Fees 1⅞%. Denominations 10 million yen. (Nomura Int'l.)
Equity-Linked						
Graphtec	$100	1994	open	100	103.00	Coupon indicated at 2⅜%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2½%. Terms to be set Jan. 10. (Daiwa Europe.)
Boots Finance	£160	2005	6	100	100.50	Semiannually. Redeemable at 137.2275 in 1995 to yield 11.69% semiannually. Convertible at 335 pence per share, a 16.3% premium. Fees 2½%. (Warburg Securities.)

Weak Dollar Pulls Bond Prices Lower

Compiled by Our Staff From Dispatches

NEW YORK — A sell-off on Friday linked to weakness in the dollar pushed U.S. Treasury securities down for the week, despite a government employment report that indicated weaker-than-expected U.S. economic growth, analysts said.

The benchmark 30-year Treasury bond ended at 100 23/32, down one point from the previous week. At the lower price, the issue returned 8.06 percent, up from 7.97 percent.

On Friday, the Labor Department reported that only about 140,000 nonfarm jobs were created in December, below the 200,000 that many analysts had forecast. The unemployment rate remained at 5.3 percent.

The implications for a weak economy were considered positive for the bond market. Analysts said the report increased the chances that Federal Reserve Board would push interest rates lower to try to prevent the economy from slipping into a recession.

"Initially the markets behaved as you might expect. They strengthened on the report," said Robert

U.S. CREDIT MARKETS

Dederick, chief economist of the Northern Trust Co. Bank of Chicago. "But this faded as time went on and, by the end of the day, it wasn't up on the long bond. It was down."

He blamed the market's failure to respond favorably to the job figures on the generally bearish outlook for the dollar following intervention by the West German central bank and others this week.

Even though interest rates are considered likely to fall, the pressure on the dollar discouraged international investors from buying U.S. bonds.

"We've got this process going on where people are saying the Japanese will not be interested in buying in the United States, because who wants to buy into a lower currency?" he said.

Another analyst said the employment data was "only apparently weak." Of the anticipated employment gains not realized in December, 38,000 jobs failed to materialize because of cold weather affecting construction. He added, "Right after the jobs number came out, the market kind of shrugged its shoulders and said, 'Really it is what we expected.'"

The federal funds rate ended the week at about 8.125 percent, down from 9.5 percent the previous week, when the interbank overnight loan rate was affected by seasonal factors related to the end of the year. The central bank influences the rate and is widely believed to be aiming for an 8.25 percent level.

Looking ahead, analysts said a number of potential problems, including disagreeable inflation numbers, the shaky dollar and fresh offerings of new Treasury notes and bonds, are likely to prevent bond prices from gaining much ground in the near term.

For the time being, those hurdles will tend to offset the import of the December employment report.

Analysts said the effects of a biting December cold snap are certain to push consumer and producer prices, especially for food and fuel, sharply higher in January and February. And the employment report, while suggesting weakness in the economy, also showed that wages rose by six-tenths of a percentage point last month.

The specter of higher prices for food and energy may cause the Fed to delay somewhat in easing monetary policy, analysts said. But those higher prices, in conjunction with an increase in Social Security taxes, also constitute a further drag on the economy that the Fed cannot overlook for long.

"The inflation we will experience will be like a tax on individuals," said Joseph Carson, a senior economist at Chemical Bank. "As a result, consumer spending on nondiscretionary items in the first quarter will be very soft. The economy will be much weaker, and will need additional interest rate relief to get going. But the Fed may wait until early February, around the time of the next meeting of the Open Market Committee, before it eases policy again."

The 12-member Federal Open Market Committee sets the central bank's monetary policy. It comprises the seven Fed governors and five presidents of the regional Fed banks.

After analyzing the December employment data, Mr. Carson and others said the Commerce Department's prelim[illegible]ary estimate on fourth-quarter [illegible]ic growth, expected later this month, would show an inflation-adjusted increase of 1 percent at best. *(NYT, UPI)*

Spain Plans $4 Billion in Mexican Aid

Reuters

MADRID — Spain will agree to inject about $4 billion into Mexico's debt-ridden economy when King Juan Carlos visits the Latin American country this week, Spanish officials said Sunday.

The monarch's second state visit to Mexico to sign the pact shows Spain's interest in strengthening ties with its former colonies before the 500th anniversary of the discovery of America, the officials said.

Spain is counting on a major Latin American presence at a World's Fair scheduled in Seville in 1992 to mark the anniversary of Columbus's discovery, which opened the way to Spain's colonization in the Americas.

King Juan Carlos and Queen Sofia will arrive on Tuesday for their six-day trip, and are scheduled to sign the accord on Thursday.

The five-year Treaty of Friendship and Cooperation with Mexico is similar to a $3 billion agreement concluded with Argentina, another of Latin America's major debtors, two years ago.

Government officials said Spain would provide $1.5 billion of credits, half in development aid and half in soft loans. An additional $2.5 billion will be aimed at boosting Spanish business and joint ventures in order to balance trade exchanges traditionally favorable to Mexico.

BRAZIL: *Collor Has Plan to Fight Rampant Inflation*

(Continued from first finance page)

won 53 percent to 47 percent, left him facing a strengthened, radicalized left.

"Now the working class will have the opportunity to watch him kissing the hands of the businessmen, kissing the hands of the military, kissing the hands of the International Monetary Fund," said Luis Inácio da Silva, Mr. Collor's left-wing adversary, at a postelection news conference.

Indeed, despite the national self-examination that took place during the six-month presidential campaign, it is unclear whether Mr. Collor has a popular mandate for his free-market program.

Losing most of the major cities, Mr. Collor won on the shoulders of Brazil's poorest, least educated and mostly rural voters.

During the campaign, Mr. Collor, who speaks five languages, reportedly joked that his voters thought "risk capital" referred to crime in Brasilia and that "tax incentives" referred to bribes paid to tax collectors.

Today, the president-elect's strategy for winning support appears to be to let Brazil's present government flounder into what economists call hyperinflation, a rate of 50 percent or more a month. The December rate was 53 percent, and estimates for January are for 70 percent.

Mr. Collor has ruled out "cogoverning" with Brazil's outgoing president, José Sarney, and has barred his economic advisers from meeting with Mr. Sarney's.

His own travels will keep his mostly out of the country into February.

"Collor's no dope — he wants the bomb to explode in Sarney's hands," said one Brazilian businessman.

Some Brazilians believe that a plunge into severe hyperinflation might scare Brazil's Congress into supporting Mr. Collor's program.

Brazil may prove resistant to hyperinflation's effects, economists said. Sheer size tends to keep the economy rolling.

The economists say as much as 40 percent of the country's economic activity goes unrecorded, mostly because of tax evasion. And, psychologically, people are used to dealing with explosive numbers.

There is also a system of monthly adjustments of wages, rents and savings rates that helps offset price explosion.

Known as indexation, the system kept Brazil's economy functioning during the 1980s, when prices increased by 39,043,765 percent.

But considerable disorganization is apparent.

Contracts are rarely made in cruzados, the local currency, but rather in dollars or in terms of a national treasury bond that serves as a unit of measure, corrected for inflation.

In shops, where prices are recalculated daily, the system in cruzados is breaking down.

Last week, a new Chevette car cost the same as 42 silk brassieres. The same bottle of white wine cost 50 cruzados at one Rio supermarket and 17 cruzados at another.

In the rush to convert their shrinking cruzados into solid goods, Brazilian consumers seem to ignore such anamolies.

Last month, for example, the Paes Mendonca supermarket chain opened a store here with 121 checkout counters, and 17,000 shoppers crowd in daily.

Most of Rio's restaurants and hotels stopped accepting credit cards last month because a 20-day billing period eroded the value of payments. Many factories have shortened the payment time of stores to 10 days from 20, and many employers are moving from a monthly payment system to a weekly system.

In the absence of political support from Mr. Collor, the outgoing government is following three policies that Brazilian economists say will prove to be costly to the new government.

Public utility rates are being kept low, exacerbating deficits of state utility companies.

An artificially high official exchange rate is depressing exports.

And high interest rates are swelling the internal debt.

To tame inflation, Mr. Collor, a former karate champion, plans to raise government receipts by initiating "catch thief," a program to enforce Brazil's widely ignored tax code.

On the expenditure side, Mr. Collor has said he wants to raise $18 billion by selling state companies and to save billions more by dramatically slashing subsidies and government bureaucracy.

"Our economic program is based on the fact that the state cannot remain with the power of interference that it has today in the Brazilian economy," Mr. Collor said recently in a televised news conference.

"The state is inefficient, the state is corrupt, the state is incompetent and the state is gigantic," he said.

But many subsidy systems, such as the duty-free industrial zone of Manaus, are guaranteed by the constitution.

Mr. Collor may cut the number of ministries to 12 from 23, but many federal employees have virtually lifetime guaranteed employment.

An early reaction — one that may become typical — came last week to Mr. Collor's proposal to abolish the National Information Service, Brazil's foreign and domestic security agency.

"If he wants to abolish the service, let him send a bill to Congress, which has the competency to do it," said General Ivan Mendes, minister chief of the service.

To restore growth, Mr. Collor plans to limit annual debt service payments to $5 billion, about half the 1988 level.

Last July, Brazil stopped servicing its commercial debt, and the president-elect will inherit arrears of about $5 billion.

Brazil's reserves are currently $7.2 billion. But the trade surplus for 1989 is expected to be $16 billion, lower than the 1988 surplus of $19 billion.

No foreign banker interviewed here predicted that Brazil will pay significant amounts on the debt in 1990.

Over the last six months, the value on the secondary market of a dollar of Brazilian debt has dropped to about 23 cents, from 34 cents.

Minister Says Payments Must Be Suspended

Reuters

SAO PAULO — Brazil's suspension of interest payments on its $110 billion foreign debt is essential for preserving foreign exchange reserves for the new administration, said Finance Minister Mailson Ferreira de Nóbrega.

He disclosed on television that Brazil's current foreign exchange reserves "are oscillating around $7 billion." Brazilian officials in recent years normally decline to disclose figures for foreign exchange reserves.

The suspension of payments was widened in September, when foreign banks did not disburse $600 million promised to Brazil under a pact signed a year earlier.

The private banks withheld the funds after Brazil failed to fulfill the condition of reaching an agreement with the International Monetary Fund because of the country's widening budget deficit.

"In spite of the suspension of payments, we have not had any retaliation," Mr. Nóbrega said.

EUROBONDS: *Capital Market Starts Slowly, as Investors Prefer Cash*

(Continued from first finance page)

continuing outflow — which last week obliged the Bank of Japan to intervene to keep the dollar from strengthening — is financing direct investment in the United States. But with the U.S. economy slowing and merger and acquisition activity declining, even that flow is soon expected to abate sharply.

One reason for the portfolio investment outflow to slow is the expected decline in the offering of dollar-denominated equity-warrant bonds by Japanese companies. Investors in Japan are the largest buyers of the deep discount bond once the warrants have been stripped away.

Last year, the Japanese issued $63 billion of such debt in the international market, slightly more than double the $27 billion issued in 1988.

This year, experts expect a 30-percent drop in volume, to about $40 billion. The bulk of the issues are expected in the second half since the present level of interest rates makes raising money in the domestic market cheaper. In addition, many companies that have already tapped the market need to increase their capital base before they can come back again.

Nippon Steel Corp., for example, plans to issue 200 billion yen ($1.39 billion) of equity warrant bonds in Tokyo bearing a coupon of less than 1 percent. Currently, Japanese borrowers issuing such paper in the Euromarket can swap the liability into yen at a cost of slightly over 1 percent.

The main drawback to issuing in Japan, analysts say, is that the equity-warrant bond market is only just developing and therefore still not very deep.

At the same time, companies are stepping up their issuance of domestic convertible bonds. Mitsui & Co. is simultaneously offering 100 million new shares and 100 billion yen of nine-year bonds convertible into shares bearing an expected coupon of around 1.7 percent.

In the Euromarket this week, Daiwa House Industry Co. is expected to launch $800 million of equity-warrant bonds.

The market also anticipates an increased flow of issues from South Korean companies. Dong Ah Construction Industrial Co., a leading construction company, is expected in the market this week for $50 million of equity-warrant bonds.

Given the uncertainty about interest rates generally, J.P. Morgan should have an easy time this week syndicating 4 billion French francs ($692.3 million) of 15-year floating rate notes for Lafarge Coppée SA. The French cement company is raising that amount through the sale of perpetual floating-rate notes — a method to increase its capital base without issuing new stock.

The procedure has been widely used by French state-owned companies, which the government will not privatize nor finance out of its own budget. Like in the issues for Air France, Crédit Lyonnais and Rhône-Poulenc SA, a trust will be established with part of the proceeds raised to purchase zero-coupon bonds. The maturity value of the zeroes will be used to redeem the floating rate notes in 15 years, after which time the trust will hold the paper on which interest is no longer paid.

In the meantime, investors holding the 15-year notes will be paid interest of 45 basis points over the Paris interbank rate.

LIRA: *Devaluation Postpones Decision on Whether to Revalue the Mark*

(Continued from page 1)

tain fixed exchange rates puts into question whether governments really are prepared to pay the price for such a union.

The economic significance of a mark revaluation is equally important. West Germany's desire is widely seen as a maneuver to export inflation to its neighbors and at the same time to gain other significant advantages.

The problem facing West Germany's EC trading partners is twofold. The immediate difficulty is that the mark's strength against the dollar and yen pulls up the value of the other eight currencies; the longer-term difficulty lies in intra-European trade deficits with Germany, which seem to suggest the need for changed currency values.

Although the 10-year history of the EMS has been marked by repeated revaluations of the mark, until Friday there had not been any change in currency values for three years.

That long period of stability was fostered largely by the dollar's strong performance and European currencies' collective weakness, which provided trade surpluses or sharply reduced trade deficits for all of Europe.

But the period of stability also coincided with a re-thinking of economic strategy, notably by the French Socialists. Following two quick devaluations of the franc after they entered office in 1982, the Socialists realized that the benefits of a system of fixed exchange rates accrue to the country whose currency is revalued rather than to the one whose currency is devalued.

At first glance, the country devaluing gains competitive advantage. The international price of its products is reduced and therefore its exports increase while imports, more expensive after the devaluation, decrease.

But less obvious and more fundamental benefits are gained by businesses in the country whose currency has appreciated. The most important benefit is that there is also an increase in the value of the capital stock — the value of the assets and ultimately the balance sheets of companies. Wealthier and bigger companies can borrow more easily and at more favorable terms than can the companies in the devaluing country, whose assets have been impoverished.

Equally insidious, business in the devaluing country — with foreign orders booming — have less incentive to move upstream, to become more efficient and to produce new items with more value added. That incentive is forced on industry in the revaluing country, since their old products are no longer price-competitive on world markets.

The killing blow is the effect on inflation. In the devaluing country, inflation is fueled as the cost of basic imports increases, while in the revaluing country, inflation is cooled because import prices are effectively reduced. This not only affects the basic cost structure of industry with its impact on long-term international competitiveness, but also distorts the flow of investments with foreign money pouring in to finance new business in the low-cost, low-inflation revaluing country.

Policy makers in France are determined to reap these benefits for their industry. So are officials in Belgium and Luxembourg, the other EC countries that have usually been in the camp of the currency depreciators.

But that determination, demonstrated by repeated increases in domestic interest rates to keep currency rates in line with the mark, is strained by the mark's international strength, which exacerbates the existing trade deficits most of Europe is running with West Germany.

French officials argue that their trade deficit with West Germany is largely due to the import of capital goods and that French competitiveness will be enhanced once domestic industry is retooled and the benefits of a strong currency begin to filter through the economy. In addition, they say that higher interest rates will ultimately slow domestic demand and reduce imports of consumer goods. Hence, the deficit with Germany is necessary but temporary.

But the rising value of the mark against the yen and the U.S., Canadian and Australian dollars helps worsen the overall trade balance for all the currencies linked to the mark and adds to pressure for a quick fix by a change in currency values.

Thus, the essential question in Europe today is whether the mark's strength is sustainable, whether it will continue rising in value and increase tensions within the EMS, or whether the current valuation is overdone and temporary.

More time is needed to answer those questions, which is why Friday's adjustment of the lira and its the expected result of easing tensions within the EMS tensions is so important.

That breathing space is needed to assess what lasting effect the changes under way in East Germany and the rest of Eastern Europe may have on West German industry.

The opening of East European markets and the presumed favored position of West German industry to service them could, if realized, give the country a significant competitive edge over its Western partners.

David Morrison, a London-based economist for Goldman Sachs, compared the potential boost "to the way the discovery of North Sea oil transformed Britain's economy."

If the current euphoria over prospects in Eastern Europe translates into concrete business, policy makers — including French ones — may be forced to conclude that West Germany has gained a structural advantage that must be reflected in the mark's exchange rate.

On the other hand, many private economists question whether that will be the case. "There's a degree of euphoria that's difficult to back up with figures," said Brendan Brown, an economist at Mitsubishi Finance International Ltd. in London.

Analysts doubt that West German industrialists will rush into Eastern Europe so long as they are confined to minority ownership in their investments. Analysts also caution that the influx of working-age refugees may be less of a blessing to West German industry than first thought because bad work habits developed under the communists will not be easily altered.

Also, as shown by the stock market upsets last week in reaction to news that Mikhail S. Gorbachev was canceling some meetings with foreign officials, much of what may happen in Eastern Europe depends on whether the Soviet leader can survive managing the changes now under way.

Why Lira Was 'Adjusted' Instead of Being Devalued

Compiled by Our Staff From Dispatches

MILAN — The Italian government's decision on Friday night to narrow the fluctuation band for the lira within the European Monetary System in effect reduces the currency's value by about 4 percent, although officials were reluctant to call the move an outright devaluation. Here's how it worked:

Italy agreed to let the lira fluctuate by no more than 2.25 percent above or below its central parity rate in the EMS, instead of the six percent the Italian currency has respected since the birth of the exchange rate mechanism in 1979. The decision brings Italy closer in line with most other members of the EMS: The Spanish peseta is now the only one of the nine EMS currencies that fluctuates in a 6 percent band.

At the same time, the lira's central parity rate was lowered so that the Italian currency in effect was devalued. However, the change is less dramatic than it might seem since the lira's lowest permitted rate remains the same as it was before the realignment.

The lira's new official central parity rates will be announced on Monday.

The readjustment of the lira was widely expected, but economists said that the adoption of the narrow range might be a test case for the government's ability to reduce inflation and restore order in public sector finances. The Italian government on Saturday announced budget measures aimed at reducing inflation, including a freeze on any new spending measures for the next four months.

The lira's adjustment means that the Bank of Italy will be under less pressure to raise interest rates to stabilize the currency. Higher rates would only worsen Italy's huge budget deficit by increasing the government's borrowing costs. The Italian government has set a budget deficit target for this year of 133 trillion lire ($105 billion), some 80 percent of which will go toward interest payments on its debt.

The lira could come under further pressure as Italy moves toward the complete liberalization of foreign exchange by July 1.

(AP, IHT)

Iraq Plans to Repay $3 Billion of Its Debt

Reuters

BAGHDAD — Iraq will repay $3 billion of its foreign debt this year, Trade Minister Mohammed Mahdi Saleh said Sunday. He did not give a figure for Iraq's total foreign debt, but Western news reports have previously estimated Baghdad's non-Arab debt at more than $35 billion.

U.S. Treasury Bonds

Jan. 5

Maturity	Close Bid	Close Ask	Yield	Wk.-ago yield
31.12.91	99 16/32	99 18/32	7.90	7.85
15.11.92	99 17/32	99 19/32	7.94	7.87
31.12.93	99 1/32	99 3/32	7.90	7.86
15.02.95	99 9/32	99 11/32	7.91	7.86
15.10.96	99 26/32	99 28/32	8.03	7.97
15.11.99	99 7/32	99 9/32	7.99	7.92
15.02.06	110 25/32	110 29/32	8.16	8.08
15.08.19	100 22/32	100 24/32	8.06	7.97

Source: Salomon Inc.

U.S. Consumer Rates

Jan. 5

Tax Exempt Bonds	
Bond Buyer 20-Bond Index	7.22 %
Money Market Funds	
Donoghue's 7-Day Average	8.29 %
Bank Money Market Accounts	
Bank Rate Monitor Index	6.35 %
Home Mortgage, FHLB average	9.83 %

Source: New York Times.

Euromarts At a Glance

Eurobond Yields

	Jan. 3	Dec. 27
U.S. $, 8 yrs & over	8.75	8.74
U.S. $, 5 to 7 yrs	8.73	8.65
U.S. $, less than 5 yrs	8.49	8.28
Pounds sterling, less than 5 yrs	12.83	12.69
French francs, less than 5 yrs	10.36	10.21
Ital. lire, less than 5 yrs	12.62	12.68
Danish kroner, less than 5 yrs	10.97	10.75
ECU, 8 yrs & over	9.31	9.22
ECU, 5 to 7 yrs	9.50	9.32
Can. $, less than 5 yrs	11.38	11.44
Aus. $, less than 5 yrs	16.29	16.50
N.Z. $, less than 5 yrs	12.64	12.69
Yen, 5 to 7 yrs	5.96	6.08
Yen, less than 5 yrs	6.16	6.26

Source: Luxembourg Stock Exchange.

Weekly Sales

Jan. 5

Primary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	46.20	313.80	158.80	385.20
Convert.	59.10	—	180.90	—
FRNs	—	—	35.00	—
ECP	1,159.60	209.00	3,243.30	2,226.40
Total	1,264.90	522.80	3,618.00	2,591.60

Secondary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	2,100.10	2,485.90	2,794.00	3,671.30
Convert.	137.10	251.20	409.10	136.90
FRNs	694.70	990.50	2,823.22	1,942.70
ECP	2,359.30	647.50	1,289.50	878.30
Total	5,291.20	4,575.10	7,115.30	6,627.72

Source: Euroclear, Cedel.

Libor Rates

Jan. 5

	1-month	3-month	6-month
U.S. $	8⅝	8 5/16	8 5/16
Deutsche mark	8	8⅛	8⅛
Pound sterling	15 1/16	15⅛	15
French franc	11 5/16	11⅜	11⅝
ECU	11⅜	11 7/16	11 7/16
Yen	6 11/16	6 15/16	7 1/32

Source: Morgan Guaranty, Lloyds Bank, Reuters.

WALL STREET REVIEW

Figures as of close of trading Friday, Jan. 5.

NYSE Most Actives

	Vol.	High	Low	Last	Chng.
Hanson	137509	19⅝	18½	19⅛	+ ⅝
PhilMr s	110647	43¾	41	42½	+ ½
IBM	84376	101⅛	94½	99¾	+5⅜
AT&T	70496	46⅝	44½	44⅝	— ⅞
GenEl	65423	67	64⅛	65⅝	+1⅛
FdNM s	61920	37¼	33½	36	+2⅛
Navistr	55952	4¼	3⅞	3⅞	
Exxon	50436	50½	48⅝	48¾	—1¼
BrMySq	45159	58¼	55¾	56	
Merck	42807	80	76⅛	77	— ½
Unisys	42128	15¾	14⅞	15¾	+1
AmExp	42121	35¼	34⅛	34½	— ⅜
Waste s	42086	36¼	34¼	35½	+ ½
UCarb	41904	24⅞	23⅝	23⅞	+ ⅛
PanAm	40451	3¼	2½	3¼	+ ⅝
FordM	40195	45⅞	43½	44⅞	+1¼
Chrysir	39498	20⅛	19	19¾	+ ¼
GMotr s	39471	44⅛	42⅛	43½	+1¼
DowCh s	39026	75¾	70⅝	73¼	+1⅞
Varity	38065	2⅞	2⅛	2⅞	+ ⅞
McDnl s	38054	34⅞	32⅞	33¼	—1¼
EKodak	37772	43⅜	41	42⅞	+1¾
USX	37509	36¾	35¼	36½	+ ⅜
Syntex	36974	52⅛	49⅝	51⅜	+[illegible]
BnkAm	35488	28	27	27⅝	+ ⅜

AMEX Most Actives

	Vol.	High	Low	Last	Chng.
HomeSh	29703	8⅝	7¼	8⅝	+1⅛
Amdhl	20112	15⅝	14⅛	15⅛	+ ¾
TexAir	19154	12⅛	10⅞	11	— ½
ENSCO	17607	4½	4	4	— ⅜
EchoBy	15962	19¼	18	19¼	+ ⅞
Diasonc	14211	4⅛	3⅝	3⅞	— ⅝
DowC rt	72844	8½	7⅞	8¼	
WangB	12783	5⅛	4⅞	4⅞	— ¼
FruitL	11738	15⅞	14	14¾	— ⅛
BAT In	10723	13⅝	13⅛	13⅜	+ ⅛
TubMex	10584	6½	5⅞	6	+ ⅛
InstSy	10411	2⅜	1⅞	2⅛	+ ⅜
WDigit	9967	9½	8⅝	9½	+1⅛
JanBell	9639	26⅝	25⅛	26⅜	+1¼
HlthMd	8856	4	3⅛	3⅞	+ ⅝
Hasbro	8693	20⅜	18¾	20⅛	+2⅛
MichStr	7962	5¼	4⅛	4⅜	— ¾
A-Ibm sc	7294	9⅝	7¾	9¼	+1⅝
TIE	5456	1⅜	1	1⅜	+ ⅜
Coron	4851	9⅛	8½	9⅛	+ ½
PegGld	4715	14¼	13⅛	14¼	+ ¾
Sothby s	4675	25⅞	23¼	25½	+2
Elan	4573	14⅛	13½	14⅛	+ ⅝
Telesph	4545	3⅝	3⅛	3¼	+ ⅛
A-mo sc	4290	21⅜	19	20⅛	+ ⅞

NYSE Sales

	Sales Vol.
Total for week	689,930,000
Week ago	485,310,000
Year ago	613,570,000
Two years ago	933,720,000
Jan 1 to date	689,930,000
1989 to date	612,570,000
1988 to date	933,720,000

AMEX Sales

	Sales Vol.
Total for week	53,640,000
Week ago	50,760,000
Year ago	38,920,000
Jan 1 to date	53,640,000
1989 to date	38,920,000

NYSE Diaries

	This Wk	Last Wk
Advanced	1180	1248
Declined	754	583
Unchanged	224	301
Total Issues	2158	2132
New Highs	196	163
New Lows	25	116

AMEX Diaries

	This Wk	Last Wk
Advanced	534	471
Declined	282	330
Unchanged	180	201
Total Issues	996	1002
New Highs	70	35
New Lows	20	84

INTERNATIONAL CLASSIFIED

Continued from Back Page

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NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Jan. 5.

A

	Sales in 100s	High	Low	Close	Net Ch'ge
A&W Bd	1643	27¾	28¼	28¼	—1
ABS s .32 4.6	34	7½	7	7	— ½
ACC Cp .16 1.7	3240	10	7¾	9¼	+ ⅜
ADC	3920	18⅝	17⅝	18¼	— ⅜
ADT	12053	34⅜	32⅜	33⅝	+1⅜
AEL	198	7½	6½	7½	+ ½
AEP s	245	15⅝	14½	15¼	+ ⅜
AIRCOA	42	1	1¼	1½	+ ⅛
ALC h	1467	1¾	1½	1⅝	+ ⅛
ASK	2974	8⅞	8¼	8½	— ¼
AST	21569	14½	10⅜	14⅝	+4
AgmRt .10 1.0	779	11	10	10	— ½
AbingB .32 4.7	34	7	6¾	6¾	
AbeLinc .20e 1.6	27	12½	12½	12½	— ¼
Abram s .20 3.7	35	5½	5⅜	5⅜	
Acadin	2975	1⅝	1	1⅝	— ⅛
Accel †	146	7⅞	7½	7½	
Aclaim s	6331	6⅝	6⅛	6⅝	+ ⅜
Acl wtB	298	1¼	1⅛	1¼	+ ⅛
Aceto .14b 1.0	206	15	14¼	14¼	— ½
AcmeSt	108	18½	17¾	18½	+ ½
ActARt	1856	8½	7¾	8	— ½
ActnSv .32b 2.9	174	11	10¼	10⅞	+ ⅜
ActAuSt	70	4⅛	3⅞	4	+ ⅛
Acxiom	438	22¼	21¼	22	+1
AdacLb .16 4.1	86003	6⅛	3⅝	3⅞	—2¼
Adage	1219	1⅝	1⅛	1⅝	+ ⅜
Adapt	7327	18	16⅜	16⅞	— ⅜
Adingt s	3279	18¼	17¼	17½	+ ¼
AdiaSv .14 .6	2117	24½	24	24½	

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Jan. 5.

(Continued)

	Sales in 100s	High	Low	Close	Net Ch'ge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICAN EXCHANGE OPTIONS

Figures as of close of trading Friday, Jan. 5.

Total Volume: 158,018
Open Interest: 2,574,300
r—Not traded. s—None offered. o—Old.

CHICAGO EXCHANGE OPTIONS

Figures as of close of trading Friday, Jan. 5.

Total Volume: 377,087
Open Interest: 1,270,159
r—Not traded. s—None offered. o—Old.

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Bank of Spain Suspends Official in Merger Row

Bilbao Appears to Gain Its Support

Reuters

MADRID — The Bank of Spain said Saturday that it had suspended an executive nominated as cochairman of Banco Bilbao Vizcaya, thus apparently supporting the Banco de Bilbao in a dispute over the management of the merged institution.

The Banco de Bilbao merged with the Banco de Vizcaya in October 1988 to form the BBV. The present crisis arose after the death on Dec.12 of the Vizcaya cochairman, Pedro Toledo.

In its first official involvement in the three-week-old dispute, the Bank of Spain adopted a resolution suspending the registration of Alfredo Saenz Abad as the bank's new cochairman to replace Mr. Toledo.

Just hours after Mr. Toledo had died in New York, the Vizcaya side announced it named Mr. Saenz Abad as cochairman with José Angel Sanchez Asiain from the Bilbao side. But the Bilbao side rejected this, pushing for a single chairmanship under Mr. Sanchez Asiain.

In a long statement, dated Jan. 4 and published on Saturday, the Bank of Spain said it was suspending the registration in the central bank's Official High-Ranking Posts Register of Mr. Saenz Abad, and of another Vizcaya nominee, José Antonio Saenz Azcunaga Usandizaga, as deputy manager.

It said it considered the appointments "atypical and outside the statutes."

The Bilbao side had said the appointments were a unilateral decision and the BBV board had started legal proceedings to annul them.

BBV issued a statement on Saturday night saying Mr. Sanchez Asiain had written a letter to the central bank saying he felt it was his duty to continue governing the bank alone until an agreement was reached.

In the letter Mr. Sanchez Asiain added that he was resigning his post as chairman of the board and that this resignation should become effective as soon as an agreement was reached.

The Bank of Spain's resolution was widely seen by analysts as backing the Bilbao side.

There had been several press reports saying the row had exasperated the governor of the Bank of Spain, Mariano Rubio, so much that he had threatened to intervene, but until the statement there had been no sign that the central bank was officially involved.

The Bank of Spain said the registration process would only resume once a court had ruled on the validity of the Vizcaya appointments or when the BBV board came to an agreement.

"A precipitated decision before the court ruling could cause irreparable damage and interfere with the legal process," it said.

The Bank of Spain added that its resolution could be appealed against to the Economy Ministry within 15 days. Local press reports quoted board members from the Vizcaya side as saying they would appeal.

Talks between the two sides broke down in late December when the Vizcaya side walked out but they have since resumed under a news blackout.

Analysts have warned that the row could become very damaging to the share price of BBV and to its image as Spain's largest bank and one of the country's most professional ones.

The government, which was one of the prime movers behind the merger, said it would not get involved but urged a solution.

"The government does not wish or want to intervene in Banco Bilbao Vizacya," said Economy Minister Carlos Solchaga. "What it wants is an accord that will allow the country's first bank to function."

BUSINESS BRIEFS

2 Campbell Heirs Would Fight Sale

NEW YORK (AP) — The son and daughter of the former Campbell Soup Co. chairman John T. Dorrance Jr. said Sunday that they would fight a possible attempt by other family shareholders to put the food company up for sale.

In a statement released by their New York law firm, Stuart and Mary Alice Malone, both Campbell directors and owners of about 10 percent each of the company's outstanding stock, confirmed their "commitment to the continued independence of Campbell Soup Co."

"We have always considered our investment in Campbell to be long-term," said a statement attributed to Ms. Malone. Signs of a possible rift in the Dorrance family, which has controlled the company for nearly a century, have fueled speculation that major stockholders are split on the issue of whether to sell the company. In recent weeks, a group comprised of Dorrance cousins has announced its intention in filings with the Securities and Exchange Commission to press for a sale.

Berlusconi in Spanish TV Dispute

MADRID (Reuters) — A dispute has erupted between the Italian media magnate Silvio Berlusconi and another major shareholder of a private Spanish television venture that threatens the new channel two months before it is due to go on the air.

Mr. Berlusconi's Milan holding company, Fininvest, has a 25 percent stake in Gestevision-Telecinco. The Spanish publishing company Grupo Anaya and a charity organization for the blind, ONCE, are the other main partners, also holding 25 percent each. The fight is over who should control the channel and its programming and advertising policy, managers at Fininvest and Gestevision said.

"I think there is a big chance that the channel will be scuttled," said a Grupo Anaya source, who asked not to be named. The Anaya source described the clash as a "conflict of business cultures" between Spaniards and Italians.

Philips Signs Deal on Defense Sales

EINDHOVEN, Netherlands (AFP) — Philips NV has signed an agreement to sell about half of its defense-related holdings to Thomson-CSF, the French state-owned electronics company.

Philips said the deal would take effect Monday. The value of the transaction was not disclosed. The deal has been under negotiation since August. Thomson is to acquire 80 percent of Hollandse Signaalapparaten B.V. and about half of MBLE of Brussels, which specializes in military communications products. Thomson also would get a 99 percent stake in the military optronics and electronics activities of TRT, a Paris-based subsidiary of Philips.

For the Record

The Kenyan government has established a state-owned commercial bank, to be known as Consolidated Bank of Kenya Ltd., Finance Minister George Saitoti said Saturday. It could absorb the assets and liabilities of any banking institutions that found it difficult to operate profitably in the Kenyan financial market. *(AFP)*

The Jordanian finance minister, Bassel Jardaneh, presented Saturday an austere 1.11 billion dinar ($1.58 billion) budget marked by a sharp cut in spending, a public-sector wage freeze and an increase in revenue. An economist, Fahed Fanek, said the budget was in line with International Monetary Fund recommendations. *(AFP)*

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

Soaring interest rates and a weak dollar pulled down shares by the end of the week. The CBS general price index closing at 201.1 on Friday, compared with 202.8 a week earlier, after reaching a midweek high of 206.3.

Volume hit 6.4 billion guilders, up from 5.8 billion a week earlier. Equity trading totaled 3.4 billion guilders, down from 4.5 billion the previous week.

The Kempen & Co. brokerage predicted profit-taking would weaken the market in coming weeks.

Frankfurt

Prices rose on persistent optimism for the West German economy in light of the changes taking place in Eastern Europe.

The DAX index closed Friday at 1,820 points, up 29.63 from the previous week's close, while the Commerzbank index rose 41 points to 2,231.2. Both indexes hit their highest levels ever, before falling back on profit-taking.

Volume on West Germany's eight stock markets totaled 47.21 billion Deutsche marks, up from 23.92 billion during the shortened week between Christmas and New Year's.

Demand continued for blue-chip issues, boosting some stocks by as much as 4.5 percent. Companies that are well-represented in Eastern Europe were particularly sought after.

Hong Kong

A renewed Sino-British war of words created a cautious mood that ruled the Hong Kong bourse. The dispute stemmed from China's objection to Britain's recent offer of passports to 225,000 Hong Kong residents before the colony returns to Chinese rule in 1997.

The Hang Seng Index inched up 3.37 points during the week, to 2,839.94, after plunging 84.45 points the previous week. The broader-based Hong Kong Index gained 3.32 points, ending at 1,864.65, following a slide of 56.89 points the week before.

Average daily turnover thinned to an extremely low 542 million Hong Kong dollars from the prior week's 780 million Hong Kong dollars.

London

The stock market kicked off the new decade with a record high, boosted by a group of forecasts pointing away from a feared recession in 1990. Strong performances in Tokyo and the United States added to the euphoria.

Profit-taking later produced severe markdowns, again led by overseas markets, which were upset by Mikhail S. Gorbachev's reported decision to cancel his diplomatic schedule to concentrate on domestic unrest in the Soviet Union.

The the Financial Times 100-share index nevertheless ended the week up 21.8 points, at 2,444.5, having hit its all-time closing high on Wednesday at 2,463.7.

Commentators said the significance of the rally was that institutional investors, who stayed on the sidelines in the final week of 1989, were major buyers. Traders expect further gains in the coming week.

International stocks made the biggest movements in the volatile conditions, while the construction sector enjoyed particular attention on hopes of a brighter outlook for interest rates in 1990.

Milan

The stock exchange made some progress during the quiet four-day trading week, as the MIB index — reset to 1,000 at the start of the year — finished the week at 1,021. The Comit indicator closed at 701.12, up 1.13 percent on the week.

Volume averaged 119 billion lire a day, compared with 110 billion the previous week.

Milan prices generally followed other world markets, in the absence of any market-moving Italian news. Analysts said foreign investors have regained interest in the Milan bourse, even though it did not put on the performance last year considering the good Italian economy and fine business earnings reports.

Paris

The Bourse remained troubled by interest-rate worries. The CAC 40 index finished the four-session week at 1,994.36 points, slightly lower from a week earlier after setting a record of 2,006 on Thursday.

French economic forecasts are generally optimistic, calling for sustained growth this year. More than 70 percent of brokers polled by the financial daily newspaper La Tribune think Paris stock prices will rise in the first half of this year.

But high interest rates in connection with monetary disturbances and the rising cost of money in West Germany have made the Bourse uneasy, analysts said, as did the announcement of a worsening trade deficit.

Singapore

The revised Straits Times industrial index posted an all-time high of 1,534.17 Thursday on bullish trading in the first week of the new year.

The market opened Tuesday with a fresh burst of buying by individual, foreign and institutional investors, driving share prices higher in brisk trading.

The index jumped a massive 50.14 points, to close the week at 1,531.47, while the SES All-Singapore Index advanced 14.50 points, to 426.17.

Prices continued a fine rally on strong buying until Friday, when the Tokyo market suffered a sharp decline forcing a retreat on the local market.

The week also saw the launch of Clob International — the over-the-counter market — on Tuesday, with six Hongkong stocks and 134 Malaysian companies featured.

Total market volume, including the OTC trade, amounted to 708.1 million units worth 1.15 billion dollars, compared with the previous week's turnover of 462.69 million shares valued at 624.7 million dollars.

Tokyo

The Stock Exchange got off to a bad start in the new year, with the Nikkei Stock Average losing 1.6 percent of its value in a two-day week, largely on an exaggerated report of political instability in the Soviet Union.

The 225-stock average lost 641.11 points, to close at 38,915.87, following a rise of 875.50 in the previous week to a record close.

The broader-based Tokyo Stock Price Index dropped 46.76 points during the two days, falling to 2,834.61.

The Tokyo Stock Exchange reopened on Thursday after having been closed since Dec. 30.

Trading was moderate with turnover averaging 614.4 million shares a day, compared with 633.7 million shares during the five-day session in previous week.

The value of stocks traded dropped from the previous week's 1.13 trillion yen a day on average to 964.88 billion yen.

Market analysts said the reports that Mr. Gorbachev had postponed meetings with foreign leaders was interpreted by most market participants here as an indication that he wanted to concentrate on growing domestic political unrest.

Zurich

The bourse began the year on an optimistic note, despite rising interest rates, gaining about 1.1 percent on the week.

The Swiss performance index finished at 1,151.3 on Friday, against 1,137.9 on the last day of 1989 quotations. The Crédit Suisse index finished at 625.3, up from 619.4 a week earlier, and the Swiss Bank Corp. indicator at 670.4, compared with 661.1.

Operators said that trading was heavy at the start of the week, but then declined, and some foreign investors were also present, especially American and Japanese. They said the Zurich trend over the next few days will be determined by what happens on Wall Street.

Blue chips generally performed well. In foods, Nestlé bearer stock gained 205 francs to 9,025, and Jacobs-Suchard 165 to 6,890. Some bank stocks also moved higher, Crédit Suisse adding 5 to 2,665 and Swiss Bank Corp. 2 to 351, although Union Bank of Switzerland finished unchanged at 4,115 francs.

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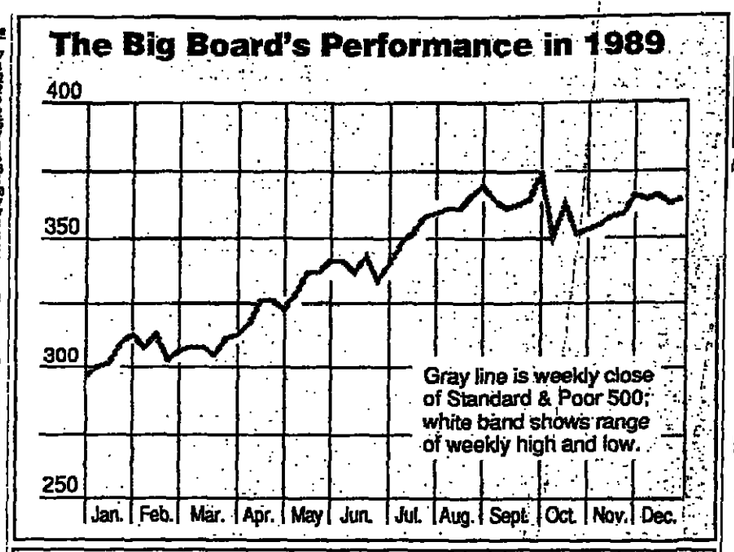
1989 U.S. STOCK MARKET REVIEW

NYSE

1989 Prices

† Denotes sales x 10000.
All other sales in hundreds.
Via The Associated Press



Big Board's 1989 Gainers and Losers

Common stocks that showed the largest percentage gains and declines in 1989, as calculated by Media General. Excludes stocks that began the year under $5 and includes only one class of stock per company.

GAINERS

Stock	Dec. 29 Close	% Change From '88	Comment
Spain Fund	$31.75	198.7	*Japanese retail investors made large purchases.*
LA Gear	31.13	184.6	Shoe, clothing firm earned profits as popularity grew
Asia Pacific Fund	17.75	178.2	*Investors flocked to fund as Asian markets rose.*
Thai Fund	32.25	174.5	Speculative fervor drove up shares as asset values ose.
Mylan Labs	24.25	173.1	*Drug company introduced* medicine to treat Parkinson's.
Holiday	71.75	165.7	Hotel and casino company sold Holiday Inn chain.
Shaw	31.00	163.8	Carpet manufacturer purchased a competitor.
Germany Fund	19.25	156.7	Dismantling of Berlin Vall led to speculation on Germn growth.
Malaysia Fund	18.75	150.0	*Growth rate in Malaysia* attracted investors.
Conseco	11.13	141.5	Insurance company considered ways to purchase insurers.

LOSERS

Stock	Dec. 29 Close	% Change From '88	Comment
Integrated Resources	$0.19	–98.6	Financial-service company collapsed; lenders cut off credit.
Lomas Financial	1.00	–92.1	*Financial corporation filed* for Chapter 11 after losses.
Bay Financial	1.00	–91.4	Developer filed fc Chapter 11 because of loses.
Imperial Corp.	0.94	–89.7	Savings institutio had losses from junk bond holdings.
Home Owners Savings Bank	1.13	–86.5	Earnings declined at growing Massachusetts institution.
Crossland Savings	3.38	–80.6	*Stock fell on loses on* Northeast real estate loans.
Emerald Homes	1.88	–77.9	Phoenix homebuilder hurt by deteriorating real estate.
Mercury Savings and Loan	1.50	–76.8	Savings unit had losses while seeking additional capital.
National Education	6.88	–70.4	Returns fell atleveraged training-systems company.
Circle K	3.38	–70.3	*Store operator suffered* losses and violated ban covenants.

(Continued on Page 17)

1989 Consolidated Trading on U.S. Stock Markets

1989 Was Vintage Year for the Market, But Many Investors Left With Headaches

By Floyd Norris
New York Times Service

NEW YORK — For many an investor, living through 1989 was like having a miserable time at what should have been a great party. Whether 1990 is any better may depend on whether interest rates fall fast enough to offset declining profits.

Heiko H. Thieme, a market strategist for Deutsche Bank Capital, called 1989 "the second-best year of the decade."

And by the popular market averages, he is right.

The Dow Jones industrial average rose 27 percent, just behind 1985's gain of 27.7 percent.

The bond market also zipped along, with interest rates on Treasury securities falling and producing handsome returns for investors.

So why the unhappiness?

In part, it was that a lot of investors picked the wrong investments.

Small stocks stumbled late in the year.

Technology stocks went from unloved to despised.

Investors learned that Third World nations were not the only borrowers who could no longer pay, as many banks took big write-offs on real estate loans.

And in the credit markets, early in the year, investors were much more likely to be buying junk bonds, which were soon to tumble amid a wave of defaults, than to be picking up the Treasury securities that turned out to be real bargains.

To make things worse, most of the gains came early in 1989, when many investors were cautious. They bought later, just in time to watch prices slip.

"We saw a lot of cash come into the equity market just as the market reached its high," said Abby Joseph Cohen, the chief strategist at Drexel Burnham Lambert Inc.

Many smaller stocks ended the year below where they were in the first half, although larger companies generally rose. A dramatic exception was the largest stock in the country, International Business Machines Corp., which ended 1989 down 23 percent for the year.

Add to that the wave of layoffs on Wall Street, and many professional investors ended 1989 in a truly foul mood.

Richard Hoey, Drexel's chief economist, reported that his November poll of investment professionals found just 11.1 percent expecting a bull market in early 1990. That percentage was the lowest Mr. Hoey has recorded since he began asking the question in 1983, falling even below the 12.4 percent recorded after the 1987 collapse.

Such figures suggest a consensus of pessimism on Wall Street. But Robert Farrell, chief market analyst at Merrill Lynch & Co., noted there were signs that some people are investing their money a lot more bullishly than they were talking.

A survey by Indata, a service of Gordon, Haslett & Co. of Stamford, Connecticut, that monitors institutional portfolios, indicated that managers of equity funds have just 6.1 percent of their assets in cash and short-term money market instruments, even less than the 6.3 percent that was on hand at the end of August 1987, when stocks peaked before beginning the fall that culminated in the October collapse.

By contrast, on Aug. 9, 1982, when investors were genuinely bearish and the great 1980s bull market was about to begin, cash levels stood at 16.9 percent.

One reason for the low cash level now is that many institutional money managers think it is not their job to decide when to pull back from equities and raise cash; that is up to their clients, often corporate sponsors of pension funds that allocates money among different managers.

Late in the year, when nervousness rose, the managers did not get out of stocks, but many did move into what they thought were relatively safe issues.

Utilities, paying high dividends and with revenues that are resistant to recession, became market stars late in the year, with the Dow Jones utility average rising 8.7 percent in the fourth quarter, compared with a 2.2 percent gain for the Dow industrials.

In mutual funds, where many managers have more leeway to raise cash, cash levels in stock mutual funds were up to 11.1 percent at the end of November, the most recent figures available. In the aggressive growth funds that buy small stocks, whose performance was generally poor in late 1989, cash levels climbed to a high 11.9 percent.

The professional pessimism comes at a time when individual investors are showing considerable willingness to buy shares.

Sales of stock mutual funds rose throughout the year, and investors also stepped up their direct purchases of shares. One reflection of the improved business came in the shares of Charles Schwab & Co., the discount brokerage firm, which soared 106 percent in 1989.

But the price of a seat on the New York Stock Exchange ended the year at $420,000, down 33 percent from the $625,000 it cost at the end of 1988, and off 63 percent from the $1.15 million peak set in 1987.

While trading volume picked up a bit in 1989, institutional commission rates continued to fall, and now are down to 6 cents a share or less.

Brokers are not making much money from trading, and that is reflected in seat prices.

What bullishness there is now is based on a firm belief that interest rates are headed lower, as the Federal Reserve Board tries to keep a slowing economy from falling into a recession.

The indicators that show high levels of pessimism about stocks show equally high levels of optimism about bonds.

"I think we will have a major interest-rate decline that will be much more important than earnings turbulence," said John D. Connolly, chairman of the investment policy committee at Dean Witter Reynolds Inc.

Mr. Connolly, and many others, think interest rates will fall fast enough to offset the impact of lower corporate earnings in early 1990.

Virtually everyone on Wall Street expects lower profits in the first half of the year, but some optimists think earnings will then rebound late in the year as the economy picks up steam, allowing corporate profits for all of 1990 to exceed the 1989 level.

Virtually everyone on Wall Street expects lower profits in the first half of the year, but some optimists think earnings will then rebound late in the year as the economy picks up steam, allowing corporate profits for all of 1990 to exceed the 1989 level.

Profit estimates have been coming down for the last several months, ever since third-quarter earnings proved broadly disappointing, and some who are bearish think that will continue as weak demand for goods squeezes margins.

"The consensus forecast for corporate profits is still too high," Mrs. Cohen of Drexel said. "Stock prices are already reflecting the best that is likely to happen in 1990."

As 1988 ended, the dollar was at depressed levels, but it rallied early in the year and held on to its gains against the Japanese yen and many other currencies.

But the Deutsche mark became the strongest currency, and the dollar fell to new lows in December against it and other European currencies. For some bond maturities, German interest rates are now higher than similar American rates, a historic reversal.

In the long run, it is possible that the convergence of interest rates among the world's major economies — Japanese rates are also rising, although still well below those in the United States — will improve American competitiveness by allowing U.S. companies to borrow money at rates similar to those in other nations.

But in the shorter term, Mrs. Cohen worries that a need to support the dollar could keep American rates from falling much further. And that, she said, would be a big disappointment for the stock market.

As the year ended, there were few economists who were forecasting a 1990 recession in the United States. One reason may be that most economists have wrongly forecast one or more recessions since 1982, and many are wary of making the same mistake again.

But many investors seem unwilling to bet on a vibrant economy.

In the final month of 1989, the consensus investment strategy was to dump cyclical stocks — companies like automakers that are heavily dependent on economic growth — and buy safer issues.

Technology stocks also crumbled, capped by a decision by the Vanguard mutual funds to force their small-stock offerings, known as Explorer and Explorer II, to slash holdings of technology stocks and to promise never again to buy so many.

There are plenty of reasons advanced for the poor performance of small stocks, ranging from the belief that foreign investors prefer names they know to the suspicion that more small companies would falter in a recession.

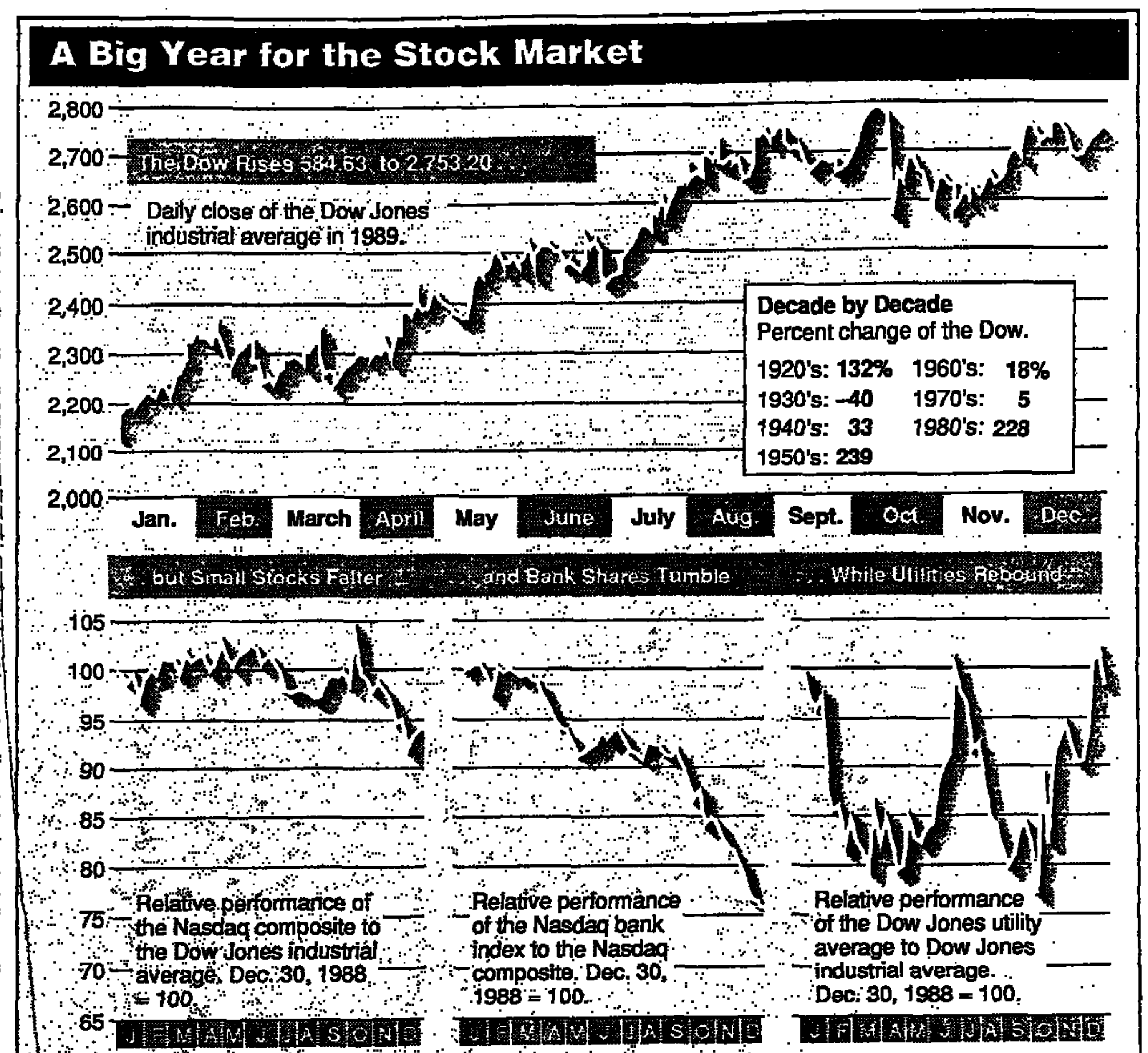
In the over-the-counter market, more stocks declined in price than rose for 11 consecutive weeks, with the string ending only in the final week of the year. The NASDAQ composite index fell 3.8 percent in the quarter.

Bank stocks were weak, with smaller banks traded over-the-counter especially hard hit. Many of them had little or no exposure to Third World debt problems, but all have real estate loans, and fear is growing about how many of those will default.

In place of all those "risky" stocks, investors turned to stocks that might avoid severe damage in a recession, notably utilities and makers of consumer goods like food.

To some analysts, among them David Eisenberg of Sanford C. Bernstein & Co., the market went too far.

"It's getting crazy out there," he said. "Did you know that the market value of the cellular telephone stocks is now equal to that of the banks?"



The New York Times

MARKET DIARY

Via Associated Press

Dow Jones Averages

	First	High	Low	Close	Chg.
Indus	2144.64	2791.41	2144.64	2753.20	+584.63
Trans	959.95	1532.01	959.95	1177.81	+207.97
Util	184.15	235.98	181.84	235.04	+48.76
Comp	816.95	1115.15	816.95	1035.10	+209.16

Standard & Poor's Indexes

	High	Low	Close	Chg.
Industrials	410.49	318.66	403.48	+82.22
Transp.	331.07	226.42	278.48	+50.31
Utilities	156.34	111.15	156.34	+43.70
Finance	35.24	24.30	31.30	+6.81
SP 500	359.80	275.31	353.40	+75.68
SP 100	335.23	259.22	329.35	+65.49

AMEX Stock Index

High	Low	Close	Chg.
397.03	305.24	378.00	+71.99

NYSE Indexes

	High	Low	Last	Chg.
Composite	199.34	154.98	195.04	+38.78
Industrials	237.76	187.27	232.76	+43.34
Transp.	212.37	145.54	178.33	+31.73
Utilities	102.00	73.91	102.00	+27.31
Finance	173.29	127.46	156.15	+27.96

NASDAQ Indexes

	High	Low	Last	Chg.
Composite	487.60	376.87	454.82	+73.44
Industrials	474.10	373.03	447.99	+69.03
Banks	492.11	371.31	391.02	−44.28
Insurance	562.24	424.24	546.01	+116.87
Finance	567.97	456.74	505.64	+44.39
Transp.	499.00	392.94	498.20	+102.39
Utilities	799.02	495.44	737.20	+236.07

NYSE Diary

	This Yr	Last Yr
Advanced	1565	1534
Declined	694	679
Unchanged	20	50
Total Issues	2279	2263

AMEX Diary

	This Yr	Last Yr
Advanced	630	446
Declined	425	395
Unchanged	34	34
Total Issues	1059	1095

NASDAQ Diary

	This Yr	Last Yr
Advanced	2641	3027
Declined	2059	1821
Unchanged	172	206
Total Issues	4872	5054

NYSE Sales

	Sales Vol.
Total 1989	41,698,538,270
Total 1988	40,438,346,358
Total 1987	47,801,308,440
Total 1986	35,680,016,341
Total 1985	27,510,706,353

AMEX Sales

	Sales Vol.
Total 1989	3,125,030,000
Total 1988	2,515,210,000
Total 1987	3,505,950,000
Total 1986	2,978,540,000
Total 1985	2,100,860,000

NASDAQ Sales

	Sales Vol.
Total 1989	33,530,385,900
Total 1988	31,070,000,000
Total 1987	37,890,000,000
Total 1986	28,737,000,000
Total 1985	20,699,000,000

NYSE Percent Gainers

	Vol.	High	Low	Last	Chg	Pct
Coraico w	17144	4¼	¾	3½	+ 2⅜	211.1
SpainFd	225826	39	10⅝	31¾	+21⅛	198.8
LA Gear s	921266	46¾	16¾	31⅛	+20⅛	186.2
ClairesSt	289227	14⅝	4⅝	13⅝	+ 8⅝	179.5
AsiaPac	725366	18⅝	6¼	17¾	+11⅛	178.4
ThaiFd	161281	33⅝	11⅝	32¼	+20½	174.5
MylanLab	423464	25⅝	7½	24¼	+15⅜	173.2
HolidayCp	797748	89	26⅝	77¾	+48⅝	165.7
Shawlnd s	138799	32⅛	11⅛	31	+19¼	163.8
GermanyFd	805955	19½	6⅞	19¼	+11⅝	156.7
Barold	418850	11¼	4⅝	11¼	+ 6¾	150.0
Malaysia	385962	20⅝	7	18¾	+11¼	150.0
PapoProd	97938	10¼	4	10¼	+ 6⅛	148.5
GalvstHou	98725	6	1⅞	5⅞	+ 3½	147.4
Varco	207634	7½	2⅞	7¼	+ 4¼	141.7
Conseco	60514	28	11¼	26⅝	+15⅝	141.4
OrientExp	26687	4½	2	5⅛	+ 3	141.2
EnterraCp	43699	14⅝	5⅝	14⅝	+ 8⅝	139.6
KanabSvc	414460	6½	2⅜	5	+ 2⅞	135.3
ApacheCp	382790	18⅝	7⅝	18⅝	+10½	133.3
Wean Util	7682	5⅝	1½	4¼	+ 2⅜	126.7
SeaCnt wi	515017	74¼	29⅝	68	+37⅞	125.7
WeldCorp	40462	15	5⅝	13¾	+ 7⅝	125.5
[illegible]	77764	3½	⅜	2¼	+ 1¼	125.0
[illegible]	8460	76¼	32½	73	+40½	124.6
[illegible]	212640	8⅝	2⅝	6	+ 3⅜	118.2
AdobeRsc	74464	15⅝	6½	14⅝	+ 7⅝	116.7
[illegible]	288639	30⅝	13	28⅝	+15½	115.9
Gralg s	36858	26⅝	8¼	17⅝	+ 9½	115.2
IndiaGwth	55403	19⅝	8⅝	19½	+10¼	110.8
Mattel In	543504	20⅝	9⅝	19⅝	+10¼	107.9
MexicoFd	277287	12⅝	5¼	11⅝	+ 5⅝	106.8
Lydall	11365	36⅝	14⅞	31⅝	+16⅛	105.7
ScheibCh	108220	17	6⅝	13⅝	+ 7⅛	105.6
SeaCntCld	25498	119⅝	52	108½	+55½	104.7
CmptKns	28308	31½	14⅝	30⅝	+15½	101.6
[illegible]	17313	46¾	16⅝	33⅝	+17	100.7
[illegible]	23620	7⅝	2⅝	6¼	+ 3⅛	100.0
[illegible]	51271	8⅛	3⅝	4	+ 2	100.0
[illegible]	118	35⅝	16	32	+15⅞	98.4
KemperCo	278304	51⅝	22⅝	47	+23	95.8
[illegible]	639113	11⅝	5⅝	11¼	+ 5½	95.7
[illegible]	38682	9⅝	4⅝	9⅝	+ 4⅝	95.0
Tidewatr	217932	14⅞	7¼	14⅝	+ 7	94.9
TempltnEm	61289	15½	8	15¼	+ 7⅜	93.7
[illegible]	118865	51	24½	47⅝	+23⅝	93.4
[illegible]	241518	19⅝	2⅝	3¾	−14	80.6
[illegible]	234151	15⅝	3⅜	3½	−11⅞	76.5
[illegible]	31280	21	4⅝	6	−14⅝	70.6
[illegible]	502064	27½	5⅝	6⅝	−16⅝	70.4
[illegible]	9855	43⅝	5⅝	6⅝	−13⅝	67.7
[illegible]	81828	19⅝	5	5⅝	−12⅝	67.4
[illegible]	10982	25	6⅝	7¼	−14⅝	67.2
[illegible]	11061	93⅝	28⅝	31¼	−62	66.5
[illegible]	17906	13	2⅝	2⅞	− 5⅝	66.3
[illegible]	69614	11	2¼	2⅞	− 5⅝	66.2
[illegible]	11548	17⅞	4⅝	5¼	−10¼	66.1
[illegible]	28458	47⅝	9¼	13¼	−24⅝	65.2
[illegible]	14639	11⅝	1⅝	2½	− 4⅝	64.9
[illegible]	71116	36¼	9½	10⅝	−18⅝	64.5
[illegible]	412370	50¼	16⅛	18	−31½	63.6
[illegible]	93893	8⅝	1⅞	3⅛	− 5	61.5
[illegible]	237330	11⅝	1½	2⅜	− 4⅝	61.4
[illegible]	58584	47⅝	15½	17⅛	−26⅝	60.6
[illegible]	8536	6¼	2⅛	2⅝	− 3⅝	60.4
[illegible]	50455	8	2⅝	3¼	− 4⅝	58.7
[illegible]	479535	24⅞	7¼	9⅝	−12⅝	57.4
[illegible]	14228	16	2¼	3⅛	− 3⅞	55.4
[illegible]	111316	26⅝	5½	7⅛	− 8½	54.4
[illegible]	4626	5⅝	2½	2⅝	− 3	52.2
[illegible]	756121	12¼	3⅝	4⅝	− 4⅞	51.3
[illegible]	27795	7⅝	2⅝	3⅛	− 3¼	51.0
[illegible]	17826	6⅝	2¼	2⅞	− 2⅝	50.0
[illegible]	13777	15	6¼	6⅝	− 6½	49.5
[illegible]	138016	18⅝	3⅝	4¾	− 4⅝	49.3
[illegible]	538148	29	7⅝	9	− 8⅝	49.3
[illegible]	41898	6½	3⅛	3¼	− 3⅛	49.0
[illegible]	27558	3⅝	2	2⅝	− 2¼	48.6
[illegible]	87236	4⅝	1⅞	2	− 1⅞	48.4
[illegible]	34765	15⅝	5⅝	6	− 5½	47.8
[illegible]	144804	13½	5⅝	6¼	− 5½	46.8
[illegible]	428215	59½	28⅛	29⅝	−25⅝	46.5
[illegible]	86857	9⅝	4½	5	− 4¼	45.9
[illegible]	140731	15⅝	7⅛	8⅛	− 7	45.5
[illegible]	38080	14⅝	6⅝	6⅝	− 5¼	44.2
[illegible]	113247	9⅝	4⅝	4⅝	− 3⅝	44.1
[illegible]	13522	27¼	10	12⅝	− 9⅝	43.8
[illegible]	29993	4⅝	2⅝	2¼	− 1¾	43.8
[illegible]	15038	13¼	5½	6⅛	− 4¾	43.7
[illegible]	203184	25⅝	11⅝	12¼	− 9½	43.7
[illegible]	39904	14¼	6	6⅛	− 4⅝	43.0

AMEX Percent Gainers

	Vol.	High	Low	Last	Chg	Pct
SierraHlt	67568	9⅝	1½	8⅝	+ 7	430.8
AmTr-an s	27816	12⅝	2¼	11⅝	+ 9¼	389.5
AmTr-ko s	53689	32¼	6¼	29	+22⅝	364.0
AmTr-pg s	26221	24⅝	5¼	23¼	+17¾	322.7
Halsey wi	17365	5⅝	1¼	4⅝	+ 3½	311.1
ThermoPrc	23628	15	2⅝	12⅝	+ 9⅝	308.0
AmTr-mo sl	35021	22	5	19¼	+14	266.7
AmTr-chv	76781	17⅝	3	10⅝	+ 7⅝	262.5
AmTr-ge s	79153	14⅝	3½	13⅛	+ 9½	262.1
CenPacCp	47239	27	7½	26⅝	+19⅝	258.3
AmTr-ete	79775	29	7½	28	+19⅝	244.6
GrahamCp	21473	41	7	24½	+17⅝	243.9
TurnerBrd	32618	59⅝	14⅝	50	+35⅝	241.9
MisionRsc	33695	20¼	3⅝	12¾	+ 9	240.0
Keane s	2281	21⅞	6⅝	21½	+14⅝	218.5
AmTr-att2	240601	21	5⅝	19½	+13⅝	218.4
AmTr-mob	64323	15	3⅝	12⅞	+ 8¾	212.1
AmTr-dd s	65255	33¼	9	28⅝	+19⅝	206.7
TurnerBrd	25631	64	17	50½	+33⅝	199.3
OldSpg s	40590	20½	5⅝	17⅞	+11⅞	197.9
DevonEngy	46520	14⅝	4⅝	13½	+ 8¾	184.2
StvGphB s	1802	18½	6⅝	18½	+11¾	174.1
Cognitron	8449	8	2¼	6	+ 3⅝	166.7
Wealthtrd	78408	5⅝	1⅝	5	+ 3⅛	166.7
StvGphA s	24125	18¼	6½	18¼	+11¼	160.7
FredHolv	14526	16	4⅝	12⅝	+ 7⅝	160.5
Thermwood	7538	3⅝	½	2¼	+ 1⅜	157.1
NHI Nel s	186137	16¼	3¼	11	+ 6⅝	151.4
AmerTr ah	23785	32½	10¼	27	+16	145.5
Oneita	28955	14⅝	4⅝	12¼	+ 7¼	145.0
AmTr-bmy	78412	15⅝	5¼	14	+ 8¼	143.5
Alza un	28950	34⅝	13¼	32¾	+19¼	142.6
AmFruct B	13256	23¼	8⅝	21½	+12⅝	142.3
AmFruct A	89041	24½	8¼	22¾	+13¼	139.5
RobertMrk	2061	3⅞	1⅝	3⅞	+ 2¼	138.5
Barnwel I	4448	37½	14¼	34⅝	+20	136.8
ImpHlty s	23894	31½	11½	27½	+15⅞	136.6
Sotheby s	297507	37	9⅝	23½	+13½	135.0
Wealthrd	2680	26⅝	11	25½	+14⅝	134.5
FruitLoom	823193	16	6¼	14⅝	+ 8½	133.3
BeardOil	6884	8½	3⅝	8	+ 4½	128.6
DI Inds	5463	2⅝	1	2¼	+ 1¼	125.0
ATI	54070	11	3⅝	8⅝	+ 4⅝	123.3
BSD Bcp	9542	10⅝	3⅞	8⅝	+ 4⅝	122.6
AmTr-mrk	22166	26⅝	10	22½	+12⅜	122.2
NorexAm	13053	8¼	2¼	5⅝	+ 3⅛	119.0
NatlRlty	30442	12⅝	2⅝	2⅝	− 8¼	77.6
Hlthvest	113923	18	3⅝	4¼	−13¾	73.7
AmCapCp p	2740	20⅝	4⅝	5⅛	−14⅝	73.3
CompuDyne	2314	8¼	1¾	2⅜	− 6⅜	72.1
Sterl Ele	20415	8⅝	2⅛	2¼	− 5¾	70.0
TrustAm	3617	8⅛	1⅞	2½	− 5⅝	69.2
AlpineGrp	16725	6½	1⅝	2	− 4⅜	67.3
Firstcorp	8565	7⅝	2¼	2½	− 4⅞	66.1
Iroquois	8927	19½	2⅝	5¼	− 9⅝	65.5
EAC Ind	11526	8¼	2	2⅞	− 5⅜	65.2
UnicorpAm	22313	7⅝	1⅞	2	− 3¾	65.2
IversonTc	16675	10¼	3⅛	3⅝	− 6⅝	62.8
Oppenheim	26346	7⅝	1⅞	2	− 3⅝	61.0
ForumRetr	23925	6⅝	2⅝	2½	− 3⅞	59.2
Weldtron	4132	7⅝	2⅞	3⅛	− 4⅝	56.9
AmShared	11417	7⅝	3	3⅜	− 4¼	55.7
SPI Hld p	10267	15⅛	4⅝	4⅝	− 5⅝	53.8
VHTHotl	28282	7	2⅝	3	− 3½	53.8
AmSwMtg	82407	8⅝	3	3⅞	− 4⅝	53.0
WienerEnt	1184	9¼	4⅛	4⅝	− 4⅝	52.1
Jewlmstrs	7708	5½	1⅞	2⅛	− 2¼	51.4
Sportech	7831	6½	2⅝	3	− 3⅛	51.0
ENSR	33449	10⅝	4⅝	4⅝	− 4½	50.7
Baldwin S	1322	8⅝	2⅞	3¼	− 3¼	50.0
PrmeFncl	3898	4	2	2	− 2	50.0
UnCaptk	9355	8⅝	3½	3⅝	− 3⅝	50.0
GRI Corp	7489	9⅝	3½	4⅝	− 4⅝	49.4
Science M	13168	6⅞	3	3½	− 3⅜	49.1
FFP Part	11272	11	4½	5	− 4⅝	48.7
LeePharm	18747	5⅝	1⅞	2	− 1⅞	48.4
UnValley	698	7¼	3½	3½	− 3⅛	47.2
Corcap	6921	5	1⅝	2¼	− 2	47.1
IntlTelch	210746	12⅝	2⅝	3½	− 3	46.2
Audivox	20664	5	2⅛	2½	− 2⅛	45.9
Daxor	14932	6⅝	2⅝	3	− 2½	45.5
GaylordCn	62046	15⅝	7¼	8	− 6⅝	45.3
DiagRet B	6617	8⅛	3⅛	3½	− 2⅞	45.1
BufftonCp	22294	8	2⅞	3⅛	− 2¾	44.9
Escagen	7155	6⅝	2⅝	2⅞	− 2¼	43.9
ChariotGp	2789	5¼	2⅝	2⅝	− 2⅛	43.6
BayouSti	32807	7⅝	4	4¼	− 3¼	43.3
Salem Car	2919	15⅝	7¼	7⅞	− 6	43.2
WstDigita	341147	15¼	5⅝	6⅝	− 6⅝	43.2
LoriCo	5280	8⅝	2⅝	3⅝	− 2⅝	43.1
DiagRet A	12389	9	3⅞	4	− 3	42.9

NASDAQ Percent Gainers

	Vol.	High	Low	Last	Chg	Pct
QSR Inc	29232	4¾	⅛	4½	+ 4⅜	2300
PsychmdCp	96452	6½	⅞	5⅝	+ 5	800.0
HMO Amer	23837	10⅝	⅞	7⅝	+ 6⅝	713.3
CorePlu w	39679	2⅝	¼	2	+ [illegible]	590.0
OSHAP	5757	4⅝	½	4⅛	+ 3½	560.0
BartonInd	35234	5	⅝	4⅞	+ 4⅛	550.0
Phonetel	5753	7½	⅞	7¼	+ 6⅛	544.4
EasyVentu	11965	51½	7¾	51½	+43½	543.8
SonoTek s	44273	6⅝	⅞	5¼	+ 4⅜	500.0
EMS Syst	71266	2	⅛	2	+ 1½	433.3
FidelMed	14445	2⅝	⅜	2⅛	+ 1⅝	428.6
AmIntegrt	120569	6½	1⅛	6¼	+ 5⅛	426.3
ArtelCom	106225	8⅝	1½	7⅜	+ 5⅞	391.7
IntlBasic	9223	3½	⅜	2⅝	+ 1⅞	385.7
Biogen wt	4120	7¼	2	7	+ 5½	366.7
MagnetTch	8424	5½	⅜	3½	+ 2¾	366.7
Vikonics	25983	9⅝	1⅝	8⅝	+ 6⅝	360.0
ComptrTel	5085	2⅝	½	2¼	+ 1⅝	350.0
ABusnCptr	121463	4⅝	⅞	4⅛	+ 3⅛	333.3
PowellInd	99526	6	1⅛	5⅝	+ 4⅛	330.0
PacificCr	48927	30⅝	6⅛	25½	+19⅝	315.3
Airship In	48210	3⅝	5/16	2⅞	+ 2⅜	307.1
ImagFlm w	25614	3	⅛	2	+ 1½	300.0
Oceaneer	413773	11⅞	2½	10¼	+ 8½	300.0
Cellcom s	293406	12¼	1½	6¼	+ 4⅝	284.6
Adaptec	228693	20¼	4½	17⅝	+13⅜	283.3
PhotronL	11578	6⅝	1	4⅝	+ 3⅜	271.4
DigitlPrd	54393	3⅝	[illegible]	3	+ 2⅛	269.2
IntTotalz	132790	5¼	1	5⅛	+ 3¾	268.2
UtahMedic	177057	10⅝	2⅝	9⅝	+ 7	266.7
Intecinc	6695	7¼	1¼	4⅝	+ 3¼	260.0
BritundLt	20033	5⅝	⅞	2⅝	+ 2⅛	253.8
ScimedLf	177153	27⅝	6⅝	24½	+17½	250.0
OffshrLog	368819	12	3⅝	11⅝	+ 8⅝	248.1
IntrcntlL	6800	34½	9½	33	+23½	247.4
FHP	313968	26⅝	5⅝	20⅝	+14⅝	245.8
Microlog	64156	14¼	3	9½	+ 6⅝	245.5
CastleEng	9592	9⅝	2⅞	9¼	+ 6⅝	244.2
MtnzMur u	8229	6	1	4¼	+ 3	240.0
Pricor	64887	13	3	11	+ 7¾	238.5
SafeMac	135601	18	4⅝	14	+ 9⅝	229.4
Puraflow	21825	5⅝	1⅝	4½	+ 3⅛	227.3
NovaCare	131214	16½	4⅝	16½	+11⅝	222.0
Saztec	18518	5⅝	1⅝	4⅝	+ 3	218.2
ProdOpera	47140	16⅞	4⅝	16⅝	+11½	214.0
StnaElc h	922	6¼	2	6¼	+ 4¼	212.5
HmeownSB	34217	30¼	2⅝	2⅝	−22⅝	89.7
AmerFstB	64339	18½	1¾	2¼	−16⅜	87.8
GenReal E	198	23	2	2	−11	84.6
CentBkSv	50068	15	1⅞	2	− 9⅝	82.2
PairMol u	1014	37⅞	5	5	−17⅝	77.9
Numerica	51658	18⅝	1¾	2	− 7	77.8
Compeau h	79801	18⅝	2⅝	3	−10⅜	77.6
TeleArt s	551302	9⅞	⅞	2⅛	− 7¼	77.3
NuWest	331741	18½	2⅜	3¼	−11	77.2
NwHomeB	92036	12	1¾	2½	− 8¼	76.7
ValleyFSL	106493	14	2⅜	3⅛	−10⅜	76.4
UnitSavVa	7047	16⅝	3	3¾	−11¾	75.8
Chronar	97057	8	1⅞	2	− 6	75.0
MerimackB	21380	9½	1¾	2⅛	− 6⅝	75.0
PhoenixTc	243228	18¾	3⅝	3⅞	−11⅝	74.2
CasualMal	68572	13⅞	1¾	2⅞	− 7⅞	74.1
LoneStar	283683	15¼	2⅝	4	−11⅛	73.6
PhnxMedic	82255	17	4⅝	4½	−12½	73.5
MalTech w	18147	12½	1⅝	3¼	− 8¾	72.9
HomeNatl	7641	9	2¼	2⅝	− 6⅝	72.2
ORFA pf	1055	26	1½	6	−14½	70.7
Varitronl	161274	23⅝	4⅝	6⅞	−16¼	70.3
ChrlCoOe	45675	18⅛	4¼	5⅝	−12⅞	69.9
FstMedcl	2003	7⅝	2	2	− 4⅞	69.8
Bankeast	79308	7⅝	1⅞	2	− 4¼	68.0
Trimedyne	184290	21¾	5¼	6¼	−13¼	67.9
UtdSavrsB	88436	19¼	4	4¼	− 9	67.9
FstWeburn	22976	8¾	1⅞	2½	− 4⅞	66.1
LTX	249635	9¼	1⅜	2⅞	− 5⅝	66.1
Medstnel n	217022	32¾	5¼	8⅛	−16½	66.0
OldStone	59857	23⅝	7	8	−15½	65.8
Strober	16539	9½	2⅜	3⅛	− 6⅝	64.5
CellTch u	3044	9¼	2	3⅛	− 5⅝	64.3
AmoskgBk	186593	14½	3⅝	4¼	− 7⅝	64.2
MicroSemi	66167	7	1⅜	2½	− 4⅝	63.6
CapitlBcp	51870	13¾	2¼	2⅞	− 5	63.5
TradHInd	131934	10¼	2⅝	2⅞	− 4⅞	63.1
SomrsetBn	72680	14½	4⅝	5⅜	− 8⅞	63.1
Electrosr	39945	6⅝	1¾	2⅛	− 3⅞	62.2
StaffBldr	85312	7½	2	2¾	− 4½	62.1
viBiocoas	5113	28¾	5½	10	−16¼	61.9
LandmkBk	7724	14½	4	4½	− 7¼	61.7
ComuntyBn	9191	11¾	3⅝	3⅞	− 6⅛	61.3
GamaBio	75459	7⅞	2½	2⅞	− 4⅝	61.3
Silicnix	44380	7⅛	2⅜	2⅝	− 4	60.4

NYSE Most Actives

	Vol.	High	Low	Last	Chng
AT&T	146206	47	28⅛	45½	+16¾
IBM	140233	130⅞	93¼	94⅛	−27¼
GenEl	125762	64¾	43½	64½	+19⅝
Exxon	133619	51⅝	41½	50	+ 6
UCarb	131685	33¼	22¾	23¼	− 2⅝
Texaco	129726	59	40½	58⅝	+ 7¾
USX	128664	39½	28⅞	35¾	+ 6½
EKodak	128186	52⅝	40	41⅛	− 4
PhilMr s	128034	45½	25	41⅞	+16¼
FordM	126388	56⅝	41⅜	43⅝	− 6⅝
WarnC	125612	67⅞	35⅛	63⅞	+27⅝
GMotr s	125227	50½	39⅝	42¼	+ ½
Citicorp	123882	35½	24⅝	28⅝	+ 3
AmExp	123467	39⅜	26⅞	34⅞	+ 8¼
TexUtil	123079	37⅝	27⅝	35⅛	+ 7
BnkAm	122578	36⅝	17	26⅛	+ 9⅛
BrMySq	122452	58	44	56	+10⅝
PhilPet	121391	30⅛	19⅝	25¼	+ 5¼
McDnl s	121225	34⅞	23	34½	+10½
Navistr	120950	6¼	3⅜	3⅝	− 1⅝
Upjohn	120483	42⅛	27⅝	38½	+ 9¾
PanAm	120429	5⅛	2¼	2⅝	+ ⅜
Unisys	120333	30½	12⅞	14⅝	−13⅝
Chevrn	120306	73½	45⅝	67⅞	+22
AMR	120073	107¼	52⅞	58	+ 4⅛

AMEX Most Actives

	Vol.	High	Low	Last	Chng
BAT In	177348	15	8	13⅞	+ 5¼
WangB	172362	10⅝	4⅞	5⅛	− 3⅝
TexAir	111912	23⅝	11⅛	11½	− ⅜
Amdahl	989666	23⅝	10¼	14⅝	− 5⅝
EchoBy	844343	20⅝	12¾	18⅝	+ 4⅝
FruitL	823193	16	6¼	14⅝	+ 8½
DWG	644282	16	5⅝	12	+ 5
ENSCO	569146	4⅜	1⅞	4⅜	+ 2⅝
Diasonc	503066	4⅝	1⅝	4⅛	+ 1⅝
BolrPh	435436	32¼	12⅞	18⅝	− 3⅝
Hasbro	399864	24⅝	15¼	18⅝	+ 3⅛
NY Tim	358630	34⅝	24½	26½	− ⅞
HomeSh	350983	7⅝	3	7¼	+ 2⅝
Atari	344818	12⅝	4⅞	8⅝	+ 3
WDigitl	341147	15¼	5⅝	6⅝	− 6¾
MagmC	334708	8⅞	4⅝	5⅝	− 1⅝
OMI	319521	11	7¼	9⅝	+ 2½
CaraCr	315588	26⅝	14⅝	19⅝	+ 4⅝
IntTlch	310746	12⅝	2⅝	3½	− 3
Lionel	308532	8½	4½	5	+ ⅛
Sothby s	297507	37	9⅝	23½	+13½
DataPd	276249	17½	7½	9	− 4½
Alza	261997	45⅝	22⅝	43⅞	+21½
ICH	243557	6⅝	3⅝	5⅝	+ 1⅛
A-att2 sc	240601	21	5⅝	19½	+13⅝

NASDAQ Most Actives

	Vol.	High	Low	Last	Chng
MCI	148537	48⅝	21⅝	44	+21⅝
AppleC	145456	50⅝	32½	35¼	− 5
Intel	138433	36	22⅝	34½	+10⅝
SunMic	129584	23	13⅝	17¼	+ ⅝
Seagate	119924	16⅛	8½	15	+ 6⅛
Jaguar	119647	14	4	13¾	+ 9
CoralC s	119554	1⅝	1	1	
TlcmA s	116491	21⅝	12⅝	17⅞	+ 4⅞
Oracle s	118220	26	9⅝	23⅞	+13⅝
FtExec	116796	17⅛	7⅝	9⅝	− 4
LizClab	115420	27¾	16½	24	+ 6⅝
Micsft	113539	89¼	45⅝	87	+33⅝
LaidlT B	113194	23¾	12⅝	22⅝	+ 8⅝
LinBrd	113082	130½	68	120¾	+48⅝
Lotus	112975	33½	18	31	+12¾
RealHd	112287	53⅝	28⅛	49⅝	+21¼
MicrTc	112243	25⅝	9¼	9¾	− 6
McCaw	111693	47¼	25⅝	38¾	+11¼
3Com	111456	28⅝	10	13⅝	− 8⅛
BostTc s	111559	14⅝	2½	8	
Intgph	110936	22⅝	13⅝	17¼	− 3⅝
Novell	110858	38¼	23⅝	31	+ 1
CmrPr	110110	15½	6½	13⅝	+ 5⅛
Ashton	110048	24	8⅝	12⅝	− 8⅝
Nike B	105804	69¼	25¼	53¼	+26⅝

Country Funds More at Home on NYSE Than Stock in Many U.S. Corporations

By Kurt Eichenwald
New York Times Service

NEW YORK — Speculative fervor about possible growth in overseas companies helped make several funds specializing in stocks of foreign countries the biggest winners on the New York Stock Exchange in 1989.

That was a change from recent years, in which stocks of companies involved in takeovers were the annual leaders.

Among the many notable losers on the Big Board were savings and loan institutions that were battered by losses in real estate loans and investments in high-yield securities known as junk bonds.

Companies hobbled by debt were also well represented on the lists of stocks that fared the poorest.

The results came in as the New York Stock Exchange experienced its second most-active year in history.

The Big Board had a total volume of about 41.7 billion shares in 1989, up from 40.4 billion in the previous year. Only 1987 produced higher volume.

While the stock market was going up — the Dow Jones industrial average posted a 27 percent increase for the year and the Standard & Poor's 500-stock index rose by 27.3 percent — the real estate market was collapsing.

That created a common trait among many of the year's big losers. Emerald Homes L.P., for example, suspended its quarterly payment of 20 cents a share to its investors because of the troubles with the Arizona real estate market.

Lomas Financial Corp. experienced worse trouble. The company sought to renegotiate with its lenders as the bottom fell out of the Texas real estate market. When that failed, the company filed for protection under Chapter 11 of the U.S. Bankruptcy Code.

While the stock market was going up, the real estate market was collapsing. That created a common trait among many of the year's losers.

The debacle in the savings industry, which resulted in a bailout and new rules, directly affected a number of stocks. Imperial Corp. of America, a California savings institution, had millions of dollars in writedowns in its holdings in junk bonds because of the legislation.

But the biggest bust on the Big Board was Integrated Resources Inc., the once high-flying syndicator of tax-shelter partnerships that sought to grow into a major financial services company.

The company began the year having negotiated a deal that allowed its founders to sell their stock far above market value. In June, Integrated Resources was unable to roll over hundreds of millions of dollars of its commercial paper, and leading banks decided not to finance their backup loan commitments.

The troubled times among the biggest losers were not balanced by an equal number of corporate success stories.

Many top spots were attained not by companies, but by the country funds. Analysts said that, while the funds were selling below their net-asset values last year, much of the rise has been driven by a speculative frenzy that has little relation to fundamental values.

"The pricing mechanisms of these closed-end funds are misunderstood," said Thomas J. Herzfeld, whose Miami-based firm specializes in such investments.

The funds sell a fixed number of shares, then use the proceeds to make investments. For the country funds, these are usually in stocks of companies in the targeted countries.

Investors often look at the net-asset values of closed-ended funds to determine their performance. The net-asset figure is the value of the investments held in the fund divided by the number of shares. If investors think the funds will do well, they will pay more for the shares than the value of the assets.

"Many people have been trying to get in on the floor at the same time, and that pushed the share prices to considerable premiums."

Even some of the companies that ranked as success stories in 1989 ended the year trying to prove themselves to Wall Street.

For example, the stock of L.A. Gear, which nearly tripled in price in the first nine months to become the Big Board's largest gainer, has fallen on more difficult time.

Investors have been unnerved by a series of events, including the disclosure of a criminal investigation into possible underpayment of custom duties by the marketer of athletic footwear and sporting apparel and the resignation of the company's chief financial officer.

There were some winners, however, who rose to their top spots by seeming to trounce their competition.

For example, after Mylan Laboratories Inc. charged that some competitors had faked test results and bribed Food and Drug Administration officials, the government investigated, and Mylan's market share rose.

That, coupled with hopes for a new drug developed by the company to combat Parkinson's Disease, made it one of the winners for 1989.

Shaw Industries Inc., the biggest U.S. carpet company, solidified its position by purchasing the carpet operations of Armstrong World Industries Inc., the sixth-largest U.S. carpet maker.

Amex Winners Linked By Gains in Earnings

By Alison Leigh Cowan
New York Times Service

NEW YORK — With economic conditions becoming more treacherous and takeovers less trendy, the companies that simply did what they said they were going to do walked away last year as the big winners on the American Stock Exchange.

Included on the list of top percentage gainers were some companies whose distinction appears to be that their earnings improved nicely — for instance, Old Spaghetti Warehouse Inc., a small but growing chain of restaurants, and Keane Inc., a Boston-based purveyor of computer software.

The Amex market value index hit an all-time high of 397.03 on Oct. 10 and closed the year at 378, up by 23.53 percent. That fell short of the 24.82 percent advance by the New York Stock Exchange composite index, and the 27 percent climb of the Dow Jones industrial average.

But the Amex gain exceeded the 19.26 percent rise of the composite index of over-the-counter issues.

In 1988, the Amex's index outperformed the other gauges, posting a 17.54 percent annual rise.

With a heavy concentration of smaller listings, the Amex might have trailed the 1989 pack by a wider margin were it not for an unusually large number of oil and gas issues, said William M. LeFevre, the market strategist for Advest Inc. The sector enjoyed a good fourth quarter because of rising oil prices and the cold weather.

Volume on the Amex rose by 24.3 percent over the 1988 levels, to 3.1 billion shares, for a daily average of 12.4 million shares. That was short of the exchange's all-time high in 1987, when 3.5 billion shares changed hands.

The Amex's worst performers had more than their share of headaches.

Manufactured Homes Inc., a retailer of mobile homes whose shares tumbled from $6.25 to 56 cents through the year, said it was having severe cash-flow problems because of insufficient financing for its retail customers. Its auditors questioned whether it could survive. A company official declined to comment.

Centrust Savings Bank, the next-worst performer, saw its stock fall to 56 cents, from $5.75, by the year's end. The Florida-based institution, whose "vanity" stock symbol of DLP matches the initials of its controversial chairman, David L. Paul, has been sparring with industry regulators over criticism that it spent lavishly on art and other management perquisites despite heavy operating losses.

Enviropact Inc., a provider of environmental services, was unable to pay a tax bill, which prompted auditors to question its future.

Lawrence Turner, an outside director, said the company had since sold a division to pay the tax but must live with the stigma until its next audit. "Unfortunately, there's no process for getting that relieved," he added.

Finally, political events abroad appeared to have both helped and hurt.

For instance, the stock of Compudyne Corp., a maker of military electronic equipment, dropped 72 percent over the year because of losses on fixed-price development contracts, a problem the company believes will not exist next year.

But fears that military spending may be one casualty of peace have not helped Compudyne woo investors.

OTC Stocks Show Rise, Despite Late Weakness

By Richard D. Hylton
New York Times Service

NEW YORK — The over-the-counter market registered a healthy advance in 1989 despite weakening in the fourth quarter.

The National Association of Securities Dealers composite index finished at 454.82, up 73.44 for the year, or 19.26 percent, compared with 1988's gain of 15.4 percent.

But the index finished 6.36 percent off its 1989 high of 485.73, dropping by 3.83 percent in the last quarter as small-capitalization stocks underperformed the large issues.

In comparison, the Dow Jones industrial average rose 27 percent for 1989, and some analysts argued that among the reasons for NASDAQ's underperformance was the takeover speculation that sent many large stocks soaring and the general skittishness that small investors developed after the October 1987 market collapse and the lesser plunge of October 1989.

Michael Metz, chief portfolio strategist for Oppenheimer & Co., noted that small investors relied more on intermediaries, or money managers, to invest their funds. That, he said, added to the bias toward large-capitalization stocks.

"Another reason is the long-term trend toward indexation," Mr. Metz added. "There again you have the concentration on the large stocks. The most radical undervaluation now exists in the smaller-capitalization issues."

Volume on the over-the-counter market climbed to more than 33.5 billion shares, according to the NASD, from 31 billion last year.

That made NASDAQ the third-largest equity market in the world, trailing Tokyo and the New York Stock Exchange, according to the dealers association.

Technology companies dominated the most active list, with MCI Communications Corp. first followed by Apple Computer Inc., Intel Corp. and Seagate Technology.

The biggest gainers were oil-service, biotechnology and health-care companies.

The largest gain was registered by Energy Ventures Inc., an oil and gas exploration company based in Houston that has been busily acquiring small oil-service and exploration companies over the last two years. It ended 1989 at $51.50 a share, up more than sixfold.

B.J. Duroc-Danner, a company vice president, said Energy Ventures had been buying small cheaply priced energy concerns to take advantage of the depressed prices in the industry.

Production Operators Corp., an oilfield-service company, and Petroleum Helicopters Inc., which provides helicopters to oil companies, were also among the top 10.

Pacificare Health Systems Inc., a health maintenance organization in Cypress, California, whose earnings rose by 70 percent in 1989, ended the year at $25.50, up more than fourfold. Pacificare has been expanding rapidly and, according to company officials, estimates put revenue growth for 1990 at about 40 percent.

Among the biggest losers in 1989 were some computer technology and financial companies.

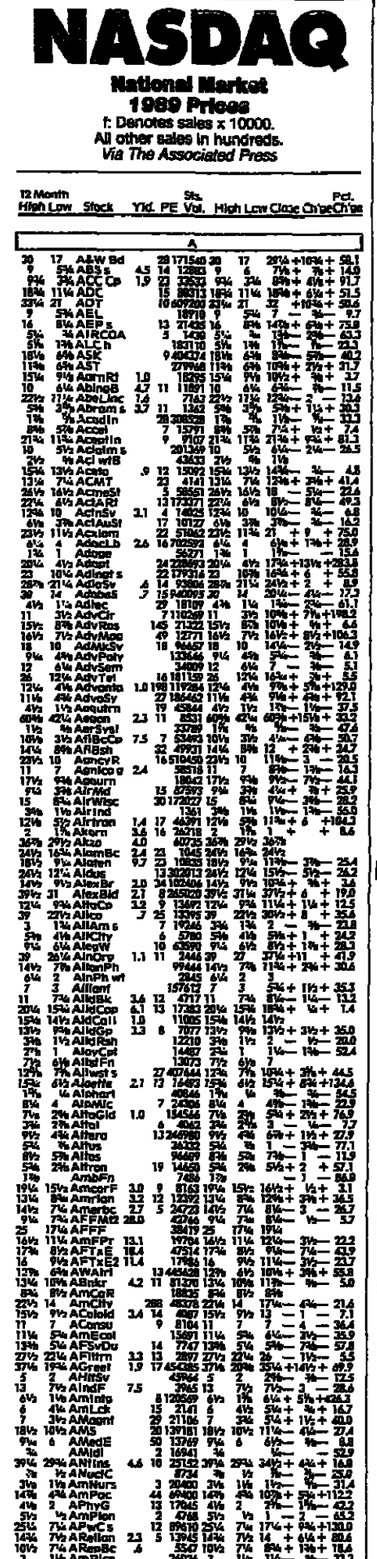
Domain Technology Inc., a maker of computer disks, fell 99.5 percent to finish at 3 cents a share. Domain filed for Chapter 11 bankruptcy protection in June after recording heavy losses.

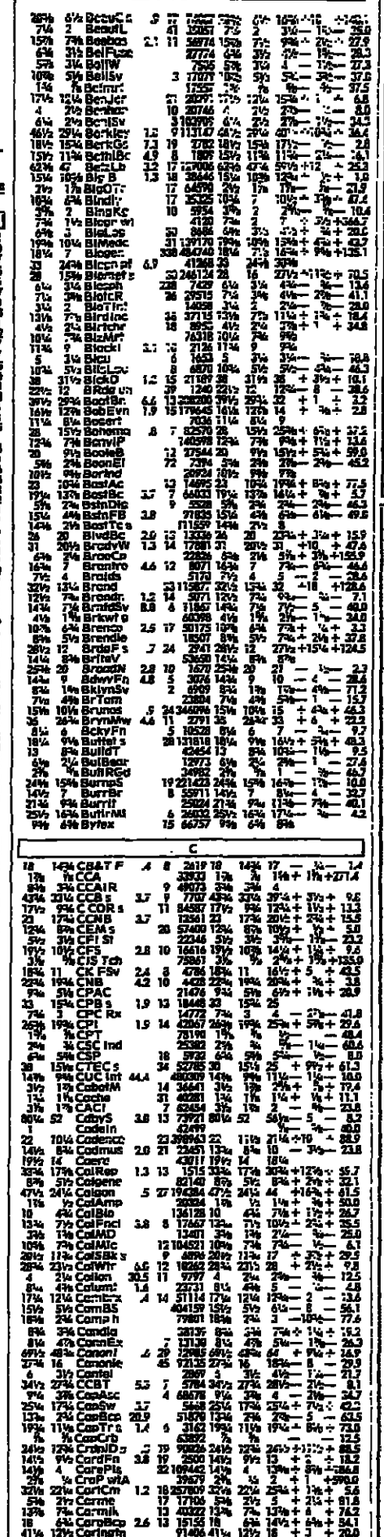
Miniscribe Corp., a maker of disk drives for minicomputers, lost 95 percent of its stock price, ending at 38 cents a share.

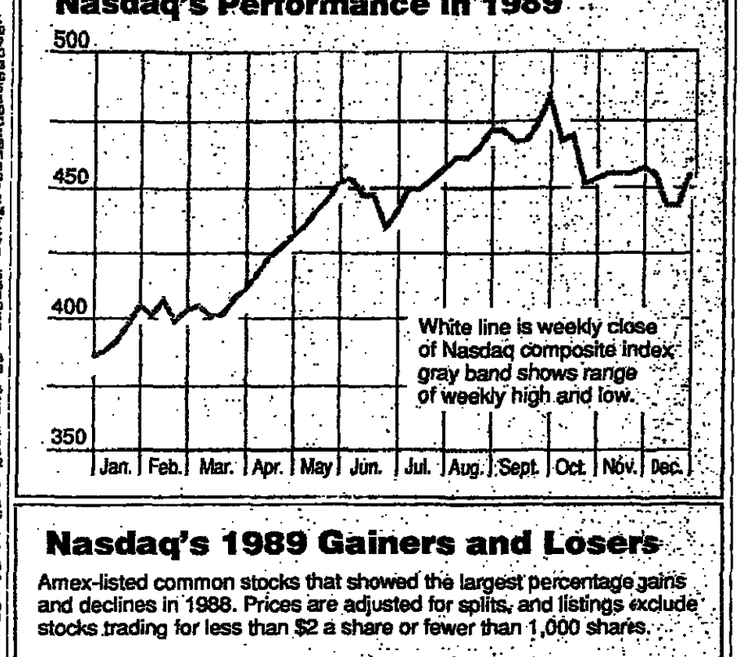
1989 U.S. STOCK MARKET REVIEW

NASDAQ

National Market
1989 Prices
t: Denotes sales x 10000.
All other sales in hundreds.
Via The Associated Press





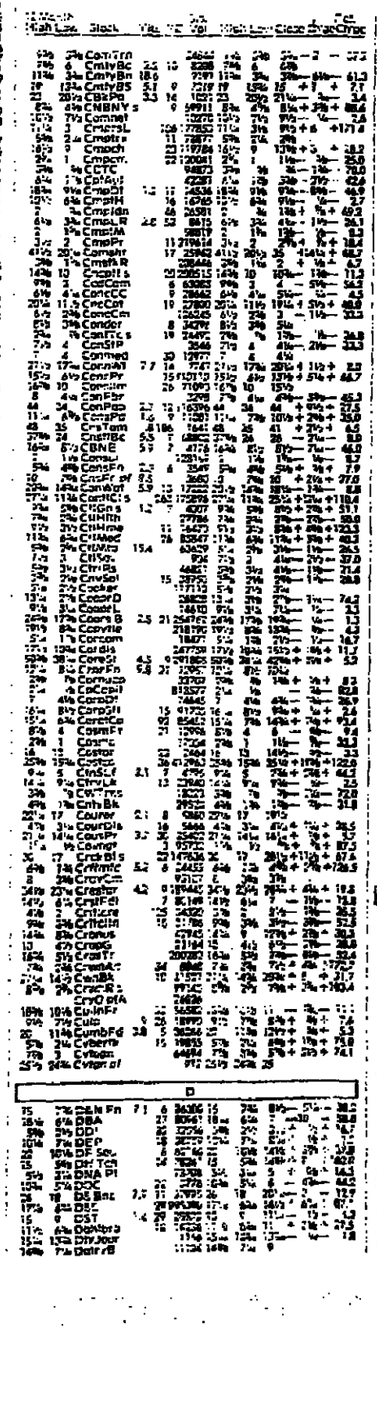


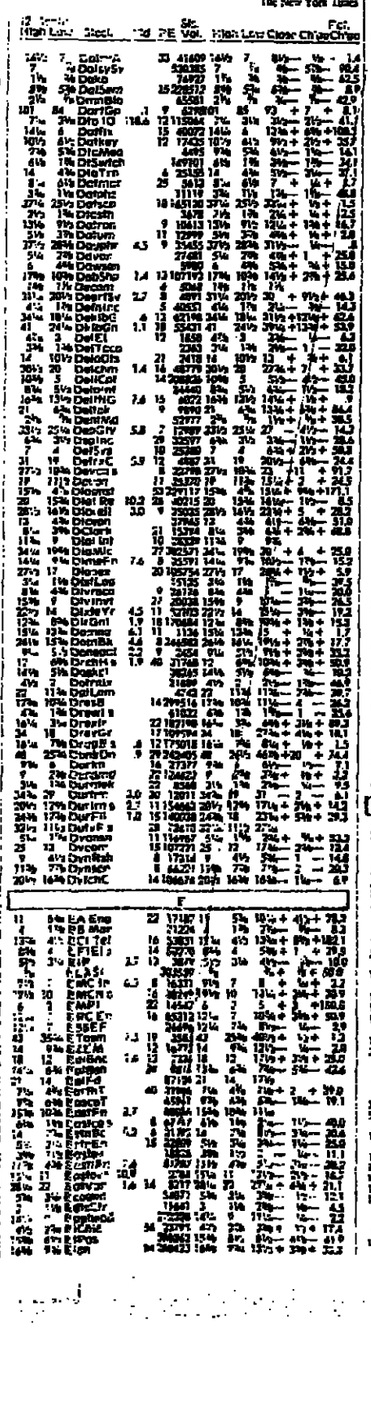
Nasdaq's 1989 Gainers and Losers

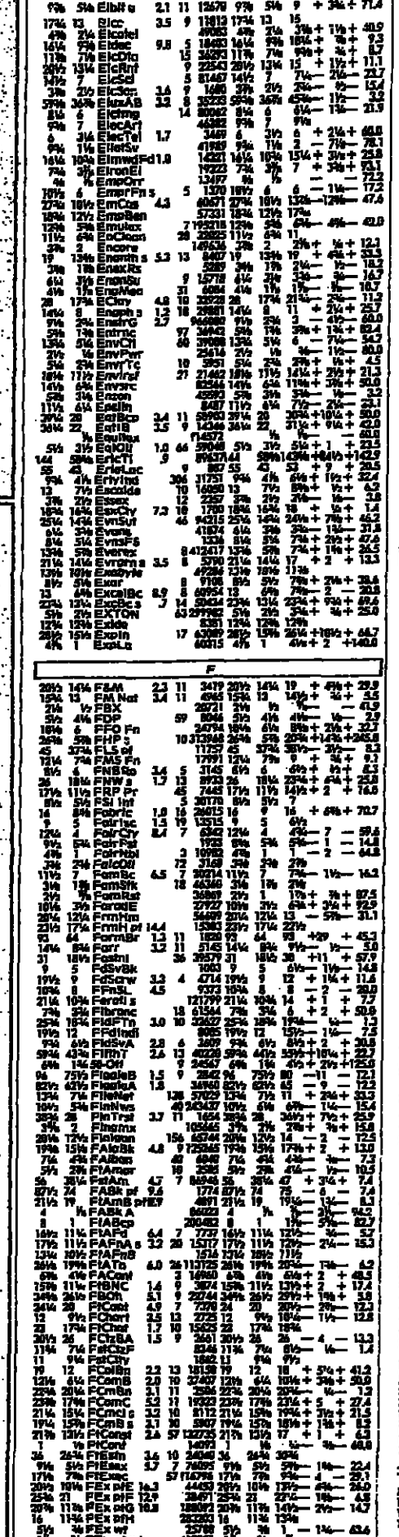
Amex-listed common stocks that showed the largest percentage gains and declines in 1988. Prices are adjusted for splits, and listings exclude stocks trading for less than $2 a share or fewer than 1,000 shares.

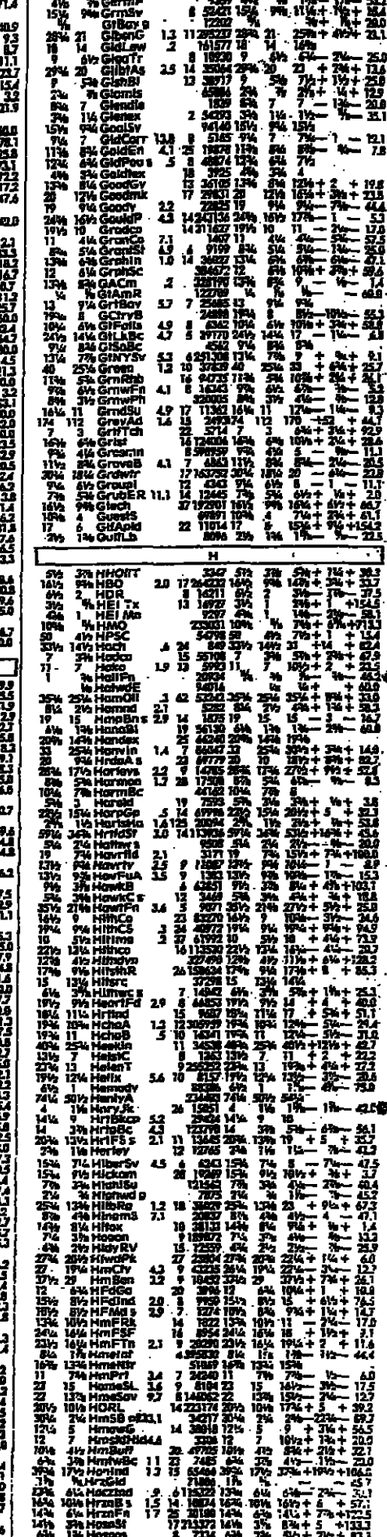
Stock	Dec. 29 Close	% Change From '88	Comment
GAINERS			
Energy Ventures	$51.50	+543.8	Oil services company grew briskly through acquisitions.
Pacificare Health Systems	25.50	+316.0	Health maintenance organization; earnings up 7[illegible] pct.
Vivigen	22.00	+266.7	Biotechnology company had higher sales and income.
Intercontinental Life	33.00	+247.4	Insurer increased asset base, income through acquisitions.
Sci-Med Life System	24.50	+247.0	Medical products maker significantly increased sales.
FHP International	20.75	+242.4	Health maintenance organization; strong membership.
Novacare	16.50	+221.6	Rehabilitative services firm expanded; higher income.
Production Operators	16.88	+213.8	Oilfield services firm; earnings reflect industry upswing.
Savannah Foods Industries	55.00	+199.2	Sugar refiner saw volume increase, margins improve.
Petroleum Helicopter	26.50	+171.8	Helicopter contractor benefited revived oil industry.
LOSERS			
Domain *Technology*	$0.03	–99.5	Supplier of computer disks *filed for bankruptcy protection.*
Miniscribe	0.38	–95.1	Disk drive maker expects loss because of glut.
Carolyn Bean Publishing Ltd.	0.38	–93.3	Greeting card business reports continuing losses.
Gruene	0.38	–92.9	Financing denied for proposed merger.
Daisy System	0.63	–90.3	Computer-aided design firm; losses after acquisitions.
Flight International Group	2.25	–87.8	Bank reports heavy losses; shareholders file suits.
	1.75	–86.5	Aviation services concern has liquidity problems.
General Real Estate Shares	1.25	–85.5	Savings institution reports higher losses.
	2.00	–84.6	Real estate trust troubled by depressed market.
	1.00	–83.3	Troubled bank reports increased losses.

The New York Times









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1989 U.S. STOCK MARKET REVIEW

NASDAQ

National Market
1989 Prices

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All other sales in hundreds.

(Continued)

12 Month High	Low	Stock	Yld.	PE	Sls. Vol.	High	Low	Close	Ch'ge	Pct. Ch'ge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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An Outlook on Key Sectors in the 1990s

The Los Angeles Times found these likely trends for selected industries in the new decade:

Banks

The biggest question for lenders in the United States as they start the new decade is how resistent they are to the nation's growing real estate recession and, to a lesser extent, problems with loans that financed corporate buyouts.

Banks across the country, especially in New England and Arizona, are being hit hard by spreading problems with real estate loans made to builders, developers and homeowners.

What about California, home to one of the nation's largest banking systems? A number of banks in the state, particularly Wells Fargo, have bet heavily on California real estate. Optimists contend that California's economy is more diverse than that of other states and that overbuilding has not occurred. Pessimists note that New England and Arizona were sure bets before they unraveled and that California's skyrocketing home prices in the 1980s will cool the market in the 1990s.

Concerns are also being raised about the quality of bank loans that financed leveraged buyouts — where companies are bought with debt to be paid off using cash from operations or asset sales — in the wake of problems with some deals and concerns about a possible recession.

Wells Fargo Bank is one of the United States' largest lenders for buyouts. Bankers argue, however, that concerns about the buy-out loans are exaggerated, and they note that banks would be the first in line as creditors to recover their money should a company fail.

Japanese banks will continue to make inroads in California. Dai-Ichi Kangyo, the world's largest bank, may well expand its operations in the state in 1990 after buying control of Manufacturers Hanover's CIT finance unit. In addition, some banking experts believe that Japanese banks may buy large, minority stakes in California banks that need a capital infusion and also desire anti-takeover protection. — JAMES BATES

Real Estate

The U.S. real estate markets in the 1980s were a mix of euphoria, gloom, frustration and surprise, and the 1990s promise to be more sober and restrictive as the excesses of the 1980s are cleaned up.

The 1980s brought a real estate depression to Texas and speculative frenzy to parts of California, where housing prices attained new levels of unaffordability. Today, less than one family in five in California can afford a median-priced single-family house.

Bust followed boom in Arizona, and hard times gave way to unprecedented prosperity in Nevada. Las Vegas is now choking on construction crews, but Phoenix is wallowing in a real estate depression.

A real estate investor who stood out this past decade is Donald Bren, a well-bred developer with movie star good looks who acquired Irvine Co., the largest private landowner in Orange County, south of Los Angeles.

The 1980s also witnessed the emergence of Japanese investors into the commercial market on the U.S. mainland. Japanese companies snapped up "trophy" office buildings, hotels and resorts all over Los Angeles and New York.

Other trends to watch for:

- What was bad in the 1980s will be good in the 1990s, said the San Francisco real estate investor Edward Abbott: "Texas is coming back."
- Bowing to mounting feelings of protectionism, U.S. lawmakers will slap sharp restrictions on foreign ownership of U.S. real estate within five years, said the management consultant Peter F. Drucker.
- In the Southern California housing market, which was sizzling for much of the 1980s and cooled off fast in the second half of 1989, pessimists now believe that a slowing economy, along with ever-increasing congestion, means bad news ahead. — TOM FURLONG

Communications

From the breakup of the Bell System to the launching of new technologies, telecommunications in the 1980s underwent a dramatic transformation that only hints at what the 1990s will bring.

The decade's biggest event — the 1984 breakup of American Telephone & Telegraph Co. — spawned seven new regional telecommunications giants that are rapidly diversifying into such fields as cellular radio, electronic paging and voice messaging in the United States, and in cable television abroad. AT&T itself became a major player in the computer field, but it faces increasing challenges in long-distance service from companies such as MCI Communications Corp. and US Sprint.

The AT&T breakup created challenges for consumers, forcing them to choose for the first time among long-distance carriers, and to buy and repair phones themselves.

But the breakup also created opportunities for entrepreneurs eager to supply a wide array of telephone equipment and electronic information services. Cellular radio — a technology that vastly increased the number of car phones — grew into a multibillion-dollar industry in just six years. It is a business that is taking such local phone companies as Pacific Telesis Group and US West Inc. to Europe and Asia.

What is in store for the 1990s? Regulators and Congress must secure a few loose ends stemming from the AT&T divestiture to create an environment that encourages new competition and speeds introduction of innovative technology without sacrificing dependability. — BRUCE KEPPEL

Technology

For business, the 1980s was a period of enormous turmoil.

A Japanese siege of the high-technology and auto industries, a surge and plunge in oil prices, massive failures of financial institutions and a fearsome stock collapse. The 1990s don't promise much peace and quiet.

Japanese industrial giants asserted themselves in the 1980s in markets ranging from supercomputers to their key ingredients, computer memory chips. And in the coming decade, analysts and industry leaders are girding themselves for more of the same.

Many believe that the effects will be seen most in the personal computer industry, where the Japanese have not yet made a strong showing. Recent trends in the PC industry toward miniaturization and consumer electronics-style packaging and marketing play to the strengths of the Japanese.

In addition, as computer technology is increasingly linked with video technology, the importance of imaging and optical technologies is expected to increase dramatically. Japanese companies have solid research leads in those technologies.

Improved television, whether high-definition versions just emerging now in Japan or computer-enhanced definition, is expected to catch on in the United States in the 1990s. The big issue to be resolved is how the new technology will be delivered in the United States and whether the products will come from domestic manufacturers or from Japanese companies, which currently make most of the TV sets sold in the United States.

However, U.S. technology companies are expected to retain their lead in some areas. One is the development of software that instructs computers how to operate. Emerging trends in that arena include computers that fully recognize speech, handwriting and physical gestures, such as pointing and waving. Products offering these features are expected in the coming decade.

Further, as computer users increasingly want to "talk" to other users and their databases, their machines, particularly portable models, will come equipped with cellular-style communication devices. Traditionally, this is a market in which U.S. companies have done well, and already there are prototypes and early production models in U.S. research labs. — CARLA LAZZARESCHI

Small Business

Small business became big news in the late 1980s, as massive corporate upheavals sent thousands of bright, talented people into the streets searching for opportunities. Many took an "I'll-show-you attitude" and opened their own businesses, boosting the U.S. small business count to 17 million.

Small businesses create two of every three new American jobs, train two out of three new American workers and create more than half of U.S. technical innovations, according to Susan Engeleiter, administrator of the U.S. Small Business Administration.

"On the whole, 1989 was a positive year for small business, yet we need to build upon our successes in the 1990s," Ms. Engeleiter said. She said that Congress must maintain a climate that encourages small-business growth.

"In an increasingly competitive global economy, we can't let Washington policy-makers dampen the spirit and success of America's entrepreneurs."

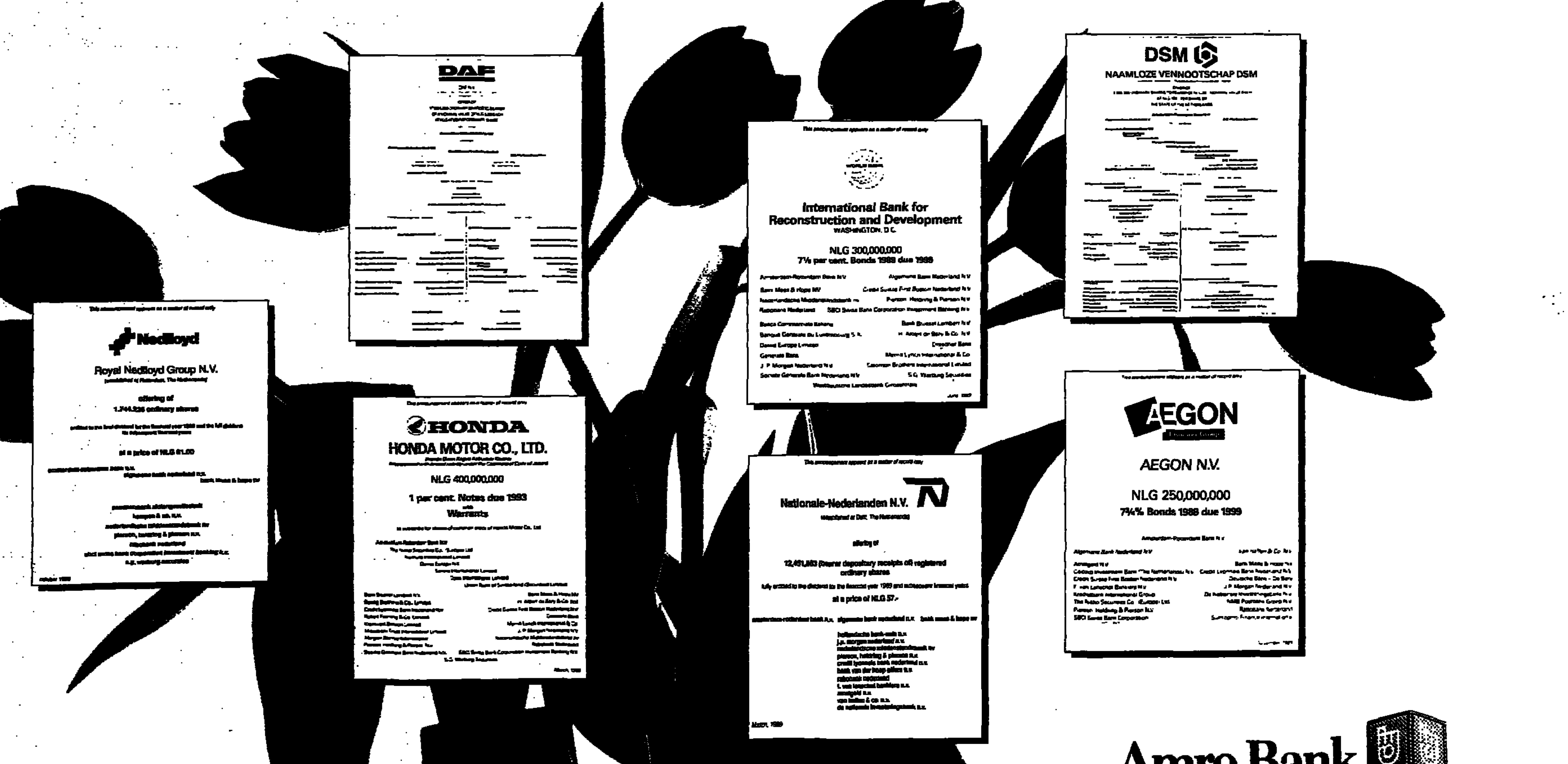
For the first time ever, small-business owners and their various trade associations united to defeat an unpopular measure. Their outcry forced the repeal of Section 89, a controversial portion of the 1986 Tax Reform Act.

The section would have required employers to verify that their benefit plans did not discriminate between executives and rank-and-file workers. Tremendous and vocal opposition from small-business owners led to the repeal of the section by President George Bush in November.

In 1989, Congress also helped small-business owners through a compromise on the minimum wage issue, by including a sub-minimum training wage to help small businesses continue offering job training to young, unskilled workers.

In 1990, small-business owners, who depend mostly on private money for investment capital, plan to lobby Congress for a reduction in the capital gains tax. A lower tax would stimulate investment by rewarding investors in small companies. — JANE APPLEGATE

Some of the reasons for our international growth.



Amro Bank
Amsterdam-Rotterdam Bank

WE KNOW BEING DUTCH IS NOT ENOUGH

ATHENS BEIJING BERLIN BERNE BOMBAY BONN CHICAGO COLOGNE COLOMBO DORTMUND DUBAI DUSSELDORF FRANKFURT GENEVA HAMBURG HONG KONG HOUSTON
JAKARTA LONDON LOS ANGELES LUXEMBOURG MOSCOW MUNICH MUNSTER NETTETAL NEW YORK PARIS SEOUL SINGAPORE SYDNEY TAIPEI TOKYO ZURICH

1989 U.S. STOCK MARKET REVIEW

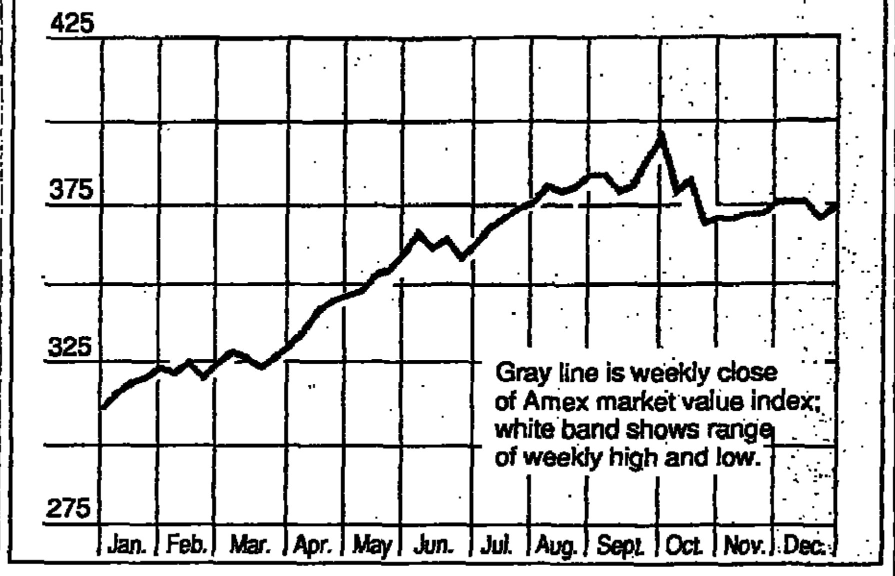
AMEX

1989 Prices

f: Denotes sales x 10000.
All other sales in hundreds.
Via The Associated Press

12 Month High	Low	Stock	Yld.	PE	Sls. Vol.	High	Low	Close	Ch'ge	Pct. Ch'ge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Amex's Performance in 1989



Amex's 1989 Gainers and Losers

Common stocks that showed the largest percentage gains and declines in 1989, as calculated by Media General. Excludes stocks that began the year under $5 and includes only one class of stock per company.

GAINERS

Stock	Dec. 29 Close	% Change From '88	Comment
Central Pacific	$26.88	258.4	Bank holding company OKs buyout for $28.50 a share.
Graham	24.50	243.6	vacuum, heat transfer equipment maker OKs dividend.
Keane	21.50	218.5	Purveyor of computer software reported rise in earnings.
Turner Broad-Casting "A"	50.50	199.2	Broadcaster renegotiated debt; earnings improved.
Old Spaghetti Warehouse	17.88	198.0	Restaurant chain saw profit margins widen; sales increase.
Stevens Graphics "A"	18.25	160.7	Printing press maker landed contracts in the Soviet Union.
American Fructose "A"	22.75	139.5	Corn processor benefited from higher prices.
Barnwell Industries	34.63	136.7	Oil, gas producer posted large gains on real estate.
Imperial Holly	27.50	135.2	Sugar refiner's earnings surged on higher prices.
Sotheby's Holdings "A"	23.50	133.6	Auction house benefited from spiraling art prices.

LOSERS

Stock	Dec. 29 Close	% Change From '88	Comment
Manufactured Homes "A"	$0.56	-91.0	Retailer of mobile homes had severe cash flow problems.
Centrust Bank	0.56	-90.3	Florida savings bank under pressure from regulators.
National Realty LP	2.38	-77.6	Owner of apartment complexes hurt soft real estate market.
Healthvest	4.25	-75.7	Tenant of health-care facilities defaulted on payments.
Larizza Industries	1.75	-75.5	Auto-component maker faced problems after rapid growth.
Comfed Bancorp	1.38	-73.7	Boston savings institution hurt by real estate market.
Compudyne	2.38	-72.0	Maker of military electronics hurt by losses on contracts.
Enviropact	1.75	-71.5	Provider of environmental services cut costs; losses grew.
Ketchum & Company.	2.00	-71.4	Distributor of drug, health, beauty aids had heavy losses.
Sterling Electronics	2.25	-70.0	Maker of military components hurt by overexpansion.

NASDAQ

National Market

1989 Prices

f: Denotes sales x 10000.
All other sales in hundreds.
Via The Associated Press

(Continued)

12 Month High	Low	Stock	Yld.	PE	Sls. Vol.	High	Low	Close	Ch'ge	Pct. Ch'ge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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1989 U.S. STOCK MARKET REVIEW

NYSE

1989 Prices

t: Denotes sales x 10000.
All other sales in hundreds.
Via The Associated Press

(Continued)

12 Month High	Low	Stock	Yld.	PE	Sls. Vol.	High	Low	Close	Ch'ge	Pct. Ch'ge
15¼	15	NvMAd n			3409	15¼	15	15¼		
10⅝	9⅝	NuvCal	6.6		39813	10⅝	9⅝	10½+	¼+	2.5
11⅝	9⅞	NuvNY	6.3		34368	11⅝	9⅞	10⅝+	¾+	7.5
15¼	14¾	NvNYP n			4660	15¼	14⅝	14⅞		
12⅝	11	NvMul	6.9		16547	12⅝	11⅛	12⅛+	1	+ 9.0
10⅝	9⅝	NuvMu	7.0		354148	10⅝	9⅝	10¼+	⅜+	3.8
15½	13⅝	NuvPP n	7.5		70606	15½	13⅝	14		
15⅝	13⅝	NuvPI	7.2		106749	15⅝	13⅝	15	+ 1	+ 7.1
92	65¼	Nynex	4.8	15	t775184	92	65¼	91⅛	+25⅝	+ 38.4
O										
14⅝	10⅝	OHM Co		45	74583	14⅝	10⅝	10⅝—	2⅝—	18.9
9	¼	OakInd			361053	1⅝	¾	1		
9	6⅛	Oakwd	1.2	12	11785	9	6⅛	6⅝—	¼—	3.6
31	25⅛	OcciPet	8.4	35	t17836	31	25⅛	29⅝+	4¼+	16.7
141	124	Occi pf	10.0		22188	141	124	140	+13	+ 10.2
25⅝	14⅝	ODECO	1.2		288709	25⅛	14⅝	24½+	9⅞+	42.0
34⅝	25½	Ogden	3.9	17	284334	34⅝	25½	31⅝+	2½+	8.5
200	161	Ogdn pf	1.0		1400	161	193	+20	+ 11.6	
31	16⅜	OgdPr n			68963	31	16⅜	25⅜		
24	18½	OhioEd	8.3	16	651770	24	18⅝	23⅝+	4⅝+	25.8
43	36¼	OhEd pf	9.4		15840	43	36¼	41½+	3½+	9.2
48	41	OhEd pf	9.4		15890	48	41	47	+ 5	+ 11.9
49⅛	41⅛	OhEd pf	9.4		42430	49⅛	41½	47	+ 4½	+ 10.6
50	42⅝	OhEd pf	9.5		38610	50	42⅝	48	+ 4½	+ 10.3
78	67¼	OhEd pf	9.6		1073	78	67⅛	75⅛+	6⅞+	10.0
80	69⅝	OhEd pf	9.5		1282	80	69⅝	77⅞+	7⅝+	10.7
25⅞	23⅝	OhEd pf	10.0		15737	25⅞	23⅝	24⅞—	½—	2.0
88⅞	77¼	OhEd pf	9.5		95780	88⅞	77¼	86	+ 8¼	+ 10.6
97⅝	85½	OhEd pf	9.7		1003	97⅝	86	94½+	9	+ 10.5
91	80	OhEd pf	9.6		46820	91	80½	90	+ 8½	+ 10.3
87	75	OhP pf	9.6		12640	87	75	83¾+	4¾+	6.0
86½	75	OhP pf B	9.8		2128	86½	75	84⅝+	8⅞+	11.8
86½	74¼	OhP pf C	9.8		5608	86½	74¼	84½+	7⅝+	10.1
25½	23⅝	OhP pf G	9.1		4118	25½	23⅝	24⅞+	1⅛+	4.7
93⅝	82½	OhP pf E	9.2		3197	93⅝	82½	91⅝+	7¼+	8.6
88	75⅝	OhP pf D	9.0		3225	88	75⅝	86¼+	9⅝+	12.6
39	32	OklaGE	6.4	13	171372	39	32	38	+ 6⅛	+ 19.1
10⅝	8¼	OklaG pf	8.3		62560	10⅝	8⅝	9⅝+	⅝+	6.9
68¼	49⅝	Olin	3.3	11	143803	68¼	49⅝	60	+ 9	+ 17.6
9	7¾	Omncre	.9	19	27353	9⅝	7¾	8½+	⅜+	4.6
9⅝	4½	OnLine			38683	9⅝	4½	9⅛+	4⅝+	95.0
19¼	13⅛	Oneida s	3.3	9	42037	19¼	13⅛	14⅝—	⅛—	.8
34	18⅛	ONEOK	4.4	12	71080	34	18½	31⅝	+13	+ 68.9
17¼	11⅛	OnahCa	9.9	11	34885	17⅝	11⅜	16⅛+	4⅝+	40.2
9⅝	8⅛	OpMG	11.5		24384	9⅝	8⅛	8⅝—	1⅛—	11.5
11	9½	OppMS	11.2		100881	11	9½	9⅞—	⅞—	8.1
10⅝	7¼	OrngCo		42	16867	10⅝	7¼	7½—	3	— 28.6
32	27¼	OranRk	7.2	11	28070	32	27¼	31⅜+	2⅝+	9.0
28¼	17⅝	OreoStl	3.3	9	59867	28¼	17⅝	24⅛+	6	+ 32.9
6⅝	2	Orient		2	26687	6⅝	2	5⅛+	3	+141.2
25	14⅝	OrionC	3.7	6	41359	28½	15⅞	22⅛+	7¼+	47.2
25	17	OrionC pf	9.6		6268	25	17⅝	22	+ 4¾	+ 27.5
40	35⅛	OrIC pf	12.3		2494	40	35⅛	36½		
30⅝	18⅞	OrIC pf	7.6		20226	30⅝	19⅛	25⅛+	5⅞+	30.5
27	13⅛	OrionP		25	95382	27	14	20⅛+	6⅛+	45.1
46¼	25⅛	Oryx	2.7		393886	46¼	25⅛	44⅛	+18⅝	+ 71.5
46	25	OutbdM	3.1	7	405739	46	25	26	— 5	— 16.1
25⅝	18	OvShip s	2.2	16	81310	25⅝	18	22½+	3⅜+	17.6
15⅞	11¼	OwenM	2.8	24	53353	15⅞	11¼	12⅝—	1⅝—	11.3
36⅞	22¼	OwenC		6	372148	36⅞	22¼	25⅛+	2⅞+	12.9
13⅝	10⅝	Oxford	4.0	12	18972	13⅝	10⅝	12⅝+	2⅛+	20.2
Q										
12	7	QMS		7	97420	12	7⅛	11⅛+	3⅞+	52.5
1		Qantel			66928	1	⅛	⅜—	¾—	66.7
68⅝	49⅝	QuakrO	2.4	21	529753	68⅝	49⅝	57⅞+	4⅝+	8.7
19⅝	13⅛	QuakSC	5.6	26	293327	19⅝	13⅛	14⅛—	2½—	14.8
19	12⅝	Quanex	2.7	7	113538	19	13⅛	15	+ 1⅝	+ 12.1
31⅛	25	Quanx pf	8.8		9631	31⅛	25	26	— ⅝—	2.3
59⅞	28⅞	Quantm	10.1	2	425215	59⅞	28⅞	29⅞—	25⅞—	46.5
13½	10⅛	QstVl	9.2		77906	13½	10⅛	13	+ 2½	+ 23.8
14¼	8¼	QstVC			92180	14¼	8⅝	14⅛+	5⅜+	63.8
39⅝	31⅝	Questor	5.0	16	39882	39⅝	31½	38⅝+	6⅛+	19.0
18⅝	10⅝	QkRelly	2.1	12	41882	18⅝	10⅝	13⅝+	2¾+	25.3
R										
12	9⅞	RAC In n	11.6		38406	12	9⅞	10⅛—	1⅝—	13.5
8⅝	1⅝	RAC	17.0		95803	8⅝	1⅝	3⅛—	5	— 61.5
10½	7⅝	RLC	2.3	10	62948	10½	7⅝	8⅝		
9½	6⅝	RLI Co	4.7	8	14909	9½	6⅞	8½+	⅞+	11.5
19¼	11¼	ROC Fd	2.9		78642	19¼	11¼	13⅝		
7⅝	3⅝	RPC			18551	8⅛	5¼	6½+	¼+	4.0
7⅝	3¼	RPS	14.4	6	34349	6⅝	5¼	5½—	⅞—	13.5
85⅝	52⅝	RJR	1.9	60	462867	85⅝	53⅜	63⅛+	29⅝+	88.1

NASDAQ

National Market
1989 Prices

t: Denotes sales x 10000.
All other sales in hundreds.

(Continued)

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.
a — dividend also extra(s). b — annual rate of dividend plus stock dividend. c — liquidating dividend. cld — called. d — new yearly low. e — dividend declared or paid in preceding 12 months. g — dividend in Canadian funds, subject to 15% non-residence tax. i — dividend declared after split-up or stock dividend. j — dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k — dividend declared or paid this year, an accumulative issue with dividends in arrears. n — new issue in the past 52 weeks. The high-low range begins with the start of trading. nd — next day delivery. P/E — price-earnings ratio. r — dividend declared or paid in preceding 12 months, plus stock dividend. s — stock split. Dividend begins with date of split. sls — sales. t — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u — new yearly high. v — trading halted. vi — in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd — when distributed. wi — when issued. ww — with warrants. x — ex-dividend or ex-rights. xdis — ex-distribution. xw — without warrants. y — ex-dividend and sales in full. yld — yield. z — sales in full.

1989 U.S. STOCK MARKET REVIEW

MUTUAL FUNDS

1989 Prices

Via The Associated Press

NEW YORK (AP)—The following table compiled from quotations supplied by the National Association of Securities Dealers Inc. Previous NAV is from last year or inception of trading if less than a year.

Fund	Prev. Year NAV	1989 Divi-dends	1989 Capital Gains	1989 NAV
AAL Mutual:				
CapGro p	8.88	.24		11.26
Income p	9.38	.81		9.67
MunBd p	9.76	.60		9.96
AARP Invst:				
CapGr n	24.72	.19	1.93	30.83
GiniMA n	14.82	1.30		15.18
GenBd n	14.68	1.22		15.20
GrwInc n	20.90	1.06		25.36
TxFBd n	16.31	1.07	.25	16.70
TxFSh n	15.21	.89		15.23
ABT Funds:				
Emerg p	7.99		1.63	8.96
GwthIn p	9.76	.42	1.16	9.64
SecInc p	9.62	.47		10.81
UtilInc p	13.37	.90	.39	13.60
AddisnCa p	14.50	.33		18.13
ADTEK n	9.19	.36		9.67
AIM Funds:				
Chart p	5.21	.25	.42	6.51
Constl p	7.01	.01	1.57	8.06
ConvYd p	9.27	.41		10.22
HiYld p	8.29	1.09		6.93
LimMtTr p	9.74	.83		9.81
Sumit n	6.57	.16	.44	7.79
WeingEq p	9.19	.06	.63	11.79
A M A Funds:				
ClassGI pn	8.89	.39	1.06	9.10
GlbGth pn	19.84	.95	.30	22.83
GlbInc np	19.61	1.38		19.80
GlbST np	9.80	.39		9.80
GrwPl pn	18.34	.51		21.55
USGvPl np	8.53	.65		8.60
AMEV Funds:				
AstAll	9.86	.41	.61	11.68
Capitl	11.90	.21	.41	15.61
CapAp	11.00	.03	.71	15.16
Fiducr	18.67	.18	.03	25.96
Grwth	15.04	.04	.48	20.92
HiYld	9.78	1.21	.06	8.06
TF MN	9.65	.68		9.73
TF Nat	9.85	.71		9.98
US Gvt	9.51	.92		9.72
AcrnFd n	36.36	.57	1.80	42.92
AfutureFd n	9.15	.09		10.38

New Securities Hit a Record, But Wall Street Isn't Singing

By Kurt Eichenwald
New York Times Service

NEW YORK — Corporate America sought a record amount of cash from the public markets in 1989, but the large underwritings brought little joy to Wall Street.

A decline in new issues of common stock and troubles in the high-yield bond market had a devastating effect on two of the most profitable businesses for investment banks.

For the year, corporations issued a record of $307.7 billion in domestic securities, an 11.9 percent increase over the $274.9 billion of 1988, according to IDD Information Services Inc., a New York research firm.

The biggest underwriter for the second straight year was Merrill Lynch Capital Markets, which, in 1988, had moved past Salomon Brothers Inc., the perennial leader in underwriting.

Last year, Merrill underwrote $45.6 billion in issues, taking 14.9 percent of the market, IDD said. Goldman, Sachs & Co., which underwrote $42.8 billion, for a 13.5 percent share, was second, then came First Boston Corp. and Salomon.

Despite the record increase in issues, much of the new capital was raised from debt securities. With concerns about the economy rising and memories fresh of the 190-point plunge in the Dow Jones industrial average on Oct. 13, corporations found investors unwilling to buy many new stock issues.

Indeed, 1989 was even worse for equity issues than 1988, when ripples from the 1987 collapse were still unsettling Wall Street. Although by August the Dow industrials had raced up 27 percent, to a record 2,737.37, investors were not drawn back into the market.

Equity issues dropped in 1989 to $30.8 billion, down 17.2 percent from the relatively anemic $37.2 billion of the previous year, IDD said.

At the same time, the already-sluggish market for initial public offerings slowed to a crawl. There were only 245 such offerings in 1989, raising $13.8 billion. That represented a 42.0 percent decline in value from the previous year's 280 issues, which raised $23.8 billion.

With less investor interest in equities and equity-linked debt securities, other types of investments rose sharply. For example, mortgage-backed and asset-backed debt were big winners. The mortgage-backed securities climbed to $114.5 billion in underwritings in 1989, an increase of 17.9 percent over the $97.1 billion of 1988. Asset-backed debt increased to $23.3 billion, up 52.3 percent from the previous year's $15.3 billion.

Over all, corporate debt issues rose substantially last year, with a total of $277 billion of debt being underwritten, up 16.5 percent from the total of $237.7 billion in 1988.

In some ways, underwriters said, the increase in debt issuance reflected the collapse of the junk-bond market, which was triggered by the financial troubles of Campeau Corp., a large issuer. As the view spread that corporate raiders would have more difficulty starting takeover bids, because junk-bond financing would be more difficult to obtain, the appetite for investment-grade debt increased, they said.

The past year may be remembered as a watershed for junk bonds. A combination of falling prices and large selling by a number of institutions resulted in the junk-bond market's worst year since 1985. Only $25.2 billion in high-yield bonds were issued, IDD said; that was down more than 9 percent from 1988, when $27.8 billion in bonds were issued.

Drexel Burnham Lambert Inc., the pioneer of the junk bond market, suffered through a year as difficult as any Wall Street firm has ever endured, pleading guilty to six criminal charges of securities law violations and agreeing to restructure many of its operations.

Despite the tumult, Drexel remained first among junk-bond issuers, underwriting 45 issues for about $9.8 billion in debt.

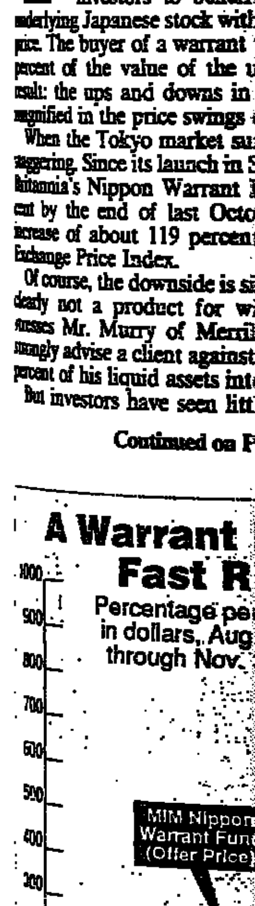
Leading Underwriters

Managing underwriters of corporate securities, ranked by dollar amount raised on new issues sold in the United States for the year ended Dec. 29, with full credit given to the lead manager.

Manager	$ Amount (in millions)	Issues	% of market	Year-ago rank
Merrill Lynch	45,637.2	426	14.9	1
Goldman, Sachs	42,799.3	485	13.5	2
First Boston	37,665.7	412	12.3	4
Salomon Brothers	31,805.3	404	10.4	3
Morgan Stanley	29,784.2	292	9.7	6
Shearson Lehman	24,595.3	341	8.0	5
Bear, Stearns	17,678.3	423	5.8	9
Drexel Burnham	16,800.3	223	5.5	7
Prudential-Bache	16,178.5	340	5.3	8
Kidder, Peabody	8,799.0	196	2.9	10

Source: Securities Data Company

The New York Times



Monthly Report for the International Investor

Herald Tribune

Monday, January 8, 1990

Personal Investing

FOCUS

Unsung Success: Tokyo Warrants

IN the record books, 1989 will go down as yet another year in which the Tokyo stock market defied the skeptics, surviving a major political scandal and capping off the year with a record-setting surge in December. Less heralded in 1989 was the coming of age of the market in warrants on Japanese stocks.

The value of the market in these option-like investments — typically sold in connection with Euro-bonds issued by Japanese companies — grew to about $50 billion in 1989 from about $20 billion. By 1995, say the professionals, the warrant market could be worth $112 billion. Moreover, players in the market have rolled up substantial returns, with some seeing their holdings double in value last year.

Few of the gains were pocketed by individual investors. Because of its volatility and sophistication, the market remains dominated by professional traders and only the most well-heeled individuals. Notes Bryan Murry, vice president at Merrill, Lynch, Pierce, Fenner & Smith Inc. in London: "We would only recommend direct investment in Japanese equity warrants to those clients with $750,000 to $1 million of investible assets."

But in recent months, a number of British fund groups have made it easier for investors with less weighty portfolios to bet on this market. New Japanese warrant funds have been launched, and required minimum investments are coming down at two of the established funds.

The handful of Japanese warrant funds offer individuals a way to participate in the market for comparatively modest amounts of money. More importantly, investors benefit from the expertise of professionals who can track a fast-moving over-the-counter market of more than 1,200 warrants issued by more than 500 Japanese companies.

At first glance, the principle of warrants is straightforward. A warrant gives the holder the right to buy a specified amount of Japanese stock at a fixed price in yen. Usually maturing in four to seven years, the warrants are offered by Japanese companies with their bonds as an inducement for investors to accept a lower-than-usual rate of interest. After the bonds are issued, the warrants are traded separately.

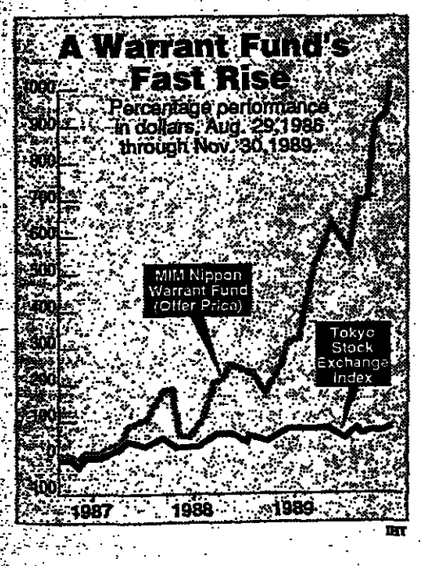
THE ATTRACTIONS — and complications — of warrants stem from what the professionals call gearing, the ability of investors to benefit from moves in the underlying Japanese stock without putting up its full price. The buyer of a warrant typically pays only 25 percent of the value of the underlying stock. The result: the ups and downs in the stock are greatly magnified in the price swings of the warrants.

When the Tokyo market surges, the gains can be staggering. Since its launch in September 1986, MIM Britannia's Nippon Warrant Fund grew 1,067 percent by the end of last October, compared to an increase of about 119 percent in the Tokyo Stock Exchange Price Index.

Of course, the downside is similarly steep. "This is clearly not a product for widows and orphans," stresses Mr. Murry of Merrill Lynch. "We would strongly advise a client against putting more than 20 percent of his liquid assets into warrants."

But investors have seen little of the downside in

Continued on Page 21



UPDATE

Perestroika Funds

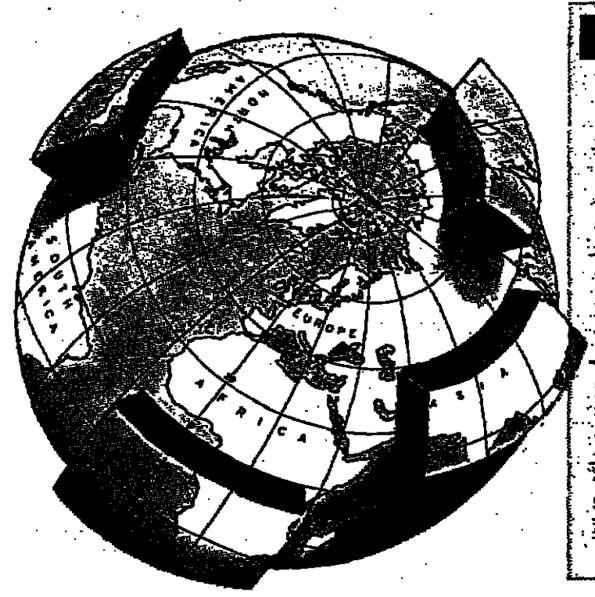
TWO months after the collapse of the Berlin Wall, fund companies are eagerly embracing *perestroika*. In the past month and a half, four funds designed to focus on Eastern Europe have either registered with the U.S. Securities and Exchange Commission or filed an intent to do so.

The Scudder New Europe Fund will invest in emerging European markets likely to benefit from trade between East and West. "The fund will have the right to invest directly in Eastern European companies and will most likely be launched sometime in February," says to Paul Elmlinger, a spokesman for Scudder, Stevens and Clark.

G.T. Greater Europe Fund and the Lenox Fund are two other Eastern European portfolios that have filed prospectuses and are likely to be launched within the next several months. The G.T. fund "will invest in both the equity and debt of emerging countries," says David Minella, president of G.T. Capital Management. Among the nations mentioned in the prospectus are Romania, East Germany, Hungary, Czechoslovakia and Poland. Several Soviet republics as well as a number of Middle Eastern countries also fall into the fund's "emerging country" category. The other half of the portfolio's assets will be invested in larger Western European firms likely to benefit from trade with the East and European economic integration.

Deutsche Bank's Lenox Fund will target West German firms that benefit from changes in East Germany.

One portfolio not likely to be launched for quite some time is the Poland Fund. "It only has a name at the moment," says a spokeswoman at Alliance Capital. The fund company filed a two-line intent to register



Four Luxembourg Umbrella Funds

Fund	Minimum Investment	Sales Fee	Mgt. Fees	Switches
Flemington Flagship Fund 11 funds Total Assets: $200 million	$2,500 for each fund	5%	0.85% to 1.5%	Unlimited
Royal Trust Assetmix 14 funds Total Assets: $50 million	$20,000	None	1.4%	10 free switches per year
Gartmore Pantheon 18 funds Total Assets: $20 million	$5,000	5.5%	0.75% to 1.25%	12 free switches per year
TR Worldwide Strategy 7 funds Total Assets: $40 million	$5,000	5%	0.5% to 1.0%	4 free switches per year

International Herald Tribune

New Twist on Global 'Umbrella' Funds

Changes in EC rules helped spawn these products.

By David C. Lanchner

FUND management firms have put their own particular spin on the age-old pitch, "buy one, get one free." In recent months, several fund groups have launched a new breed of so-called umbrella funds that allow investors to switch easily among a dozen or so portfolios focusing on different markets.

In some ways, these new funds are the creatures of two developments. The first is the continuing vogue for international investing. Investors are told that through the purchase of a single fund, they will gain access to a comprehensive range of "subfunds," covering the world's major bond and stock markets. The second involves changes in European Community financial regulations that have encouraged fund management firms to come up with easy ways to market their products to both U.K. and Continental investors.

While these new umbrella funds offer convenience to investors, their value will depend a lot on individual circumstances. For investors, the trick will be determining how much they are paying for the convenience, both in terms of fees and lost opportunities.

Umbrella funds are hardly a new idea. The first examples of these funds appeared in 1983 and were aimed largely at British investors. For Britons, the approach had one concrete advantage in those days. Investors could avoid paying capital gains taxes by rolling investments from one portfolio into another so long as they were in the same overall fund. The British Exchequer eliminated that loophole last April, but umbrellas are still being unfurled in prodigious numbers.

The newer portfolios are taking advantage of an October ruling that permits mutual funds to promote themselves throughout the European Community if they are authorized in at least one member country. Most of the new umbrella funds are based in Luxembourg because the grand duchy's tax laws and banking system make it a good base from which to sell these services to both U.K. and Continental investors.

"The main advantages of umbrella funds are in marketing," acknowledges Chris Cotrell, European development director at Robert Fleming & Co. The Fleming Flagship Fund, an umbrella portfolio with 11 subfunds, was launched a little over a year ago and already has $200 million under management.

Umbrellas "are a very simple way of promoting a wide range of funds," says Mr. Cotrell. "For nearly a dozen different portfolios, you only need to promote one name."

This makes life easier for brokers and other financial advisers who sell the funds. They can provide clients with international diversification after discussing just one fund. For them, the single, neat package minimizes time spent on research and administration. As a result the investment companies find that their umbrella funds fill up with little effort.

But for investors, the umbrella concept can appear more advantageous than it is. One problem is that investors restrict their choices.

"A company that has a very good U.S. portfolio may have a very poor Japan fund," says Chris Lynas, who constructs mutual fund portfolios for investors at Stock Group Ltd. in London. "If you buy a fund, you need to have the freedom to choose the best."

Umbrella funds usually offer investors a choice of about 12 funds, each one covering a major market or region. Companies like Stock Group scour more than 1,500 offshore funds before they make recommendations. Additionally, they will advise clients how much should be invested in each portfolio. But the minimum investment at fund advisory services — typically between $20,000 and $25,000 — is higher than the minimum at umbrella portfolios. And, because of the extra layer of management, fees may also run higher.

Instead of simply dumping money into an umbrella fund, industrious investors with modest sums may prefer to seek out superior funds by comparing performance records themselves. But umbrella funds are betting that most investors simply will not have the time.

"Someone who is willing to pore over fund rankings and prospectuses will not want an umbrella fund," says Marc Doman, an executive at Gartmore Investment Ltd. "But how much time do you want to spend trying to be clever?"

Investors who buy umbrella portfolios may also miss out on superior performance because of the way the funds are structured. Because umbrella funds cover so many markets, it is usually impossible to sell them on the basis of superior overall performance. At any one time, some funds will be doing well and others lagging, depending on investment conditions. The result is that the fund managers tend to adopt a conservative approach, aiming

Continued on Page 21

Taking Bets On the Green Revolution In Europe

By Jacques Neher

Paris

FOR many specialty retail companies in Britain, 1989 was a tough year. Once hot stocks like Laura Ashley, Tie Rack and Sock Shop, all considered innovators in the retail business, saw their share prices stumble as the British economic outlook worsened.

Once exception was Body Shops, a U.K. chain of upscale stores that sells bath, beauty and health products. The stock neatly sidestepped the calamities in the retail sector, closing the year at its 52-week high. Helping bolster Body Shops was its expansion into the U.S. market. But another big reason, say stock market watchers, is its decidedly "green" tint. The company stresses the environmental soundness and healthful effects of its products, qualifying it as a so-called green stock.

Body Shops is just one of many examples of how investors are looking at U.K. and Continental stock markets these days through green-tinted glasses. Any company that purports to benefit from the growing concern about health and the environment has drawn the attention of analysts and portfolio managers.

"Our contention is that no sector of industry is left untouched by the green issue," says Guy Rigden, an analyst with UBS-/Phillips & Drew, which just published a study of the green movement's impact on European stock markets.

Behind the interest lies growing government expenditures on environmental clean-up. The enthusiasm has also gathered impetus from the opening of Eastern Europe. Countries like East Germany, Czechoslovakia and Poland, choking on pollution, represent prime long-term markets for Western companies selling technology and equipment for environmental control, the argument goes.

A clear sign of the fascination can be found in the trend-conscious fund industry. In the past two years, a half-dozen "green" investment funds have sprouted in Britain for investors who want to profit from this theme. Some observers liken the funds to so-called ethical funds, designed to limit investments to companies who run their business in a manner deemed socially conscious.

"This stems from the Calvinist ideal — you do good, you'll make money," says Derek Childs, a director of the Merlin Jupiter Ecology Unit Trust and the recently launched Migit investment trust. The unit trust shares, launched in April 1988, have appreciated by 52 percent, versus an overall market growth in the same period of around 20 percent.

Much as in ethical investing, the experts argue that a sensitivity toward environmental issues is good business. "If you're kind to the environment, the environment looks after your bottom line," says Tim Steer, analyst with James Capel & Co. "You won't have high insurance premiums. You won't be subjected to fines. You'll get good and often free advertising — and consumers will be more inclined to buy your products."

Continued on Page 21

The Big Changes In Partnerships

Fees are being cut to win back investors.

By Doreen Mangan

FINANCIAL planner Larry Carroll was doubly chagrined. Not only did four clients lose a total of $180,000 from a limited partnership Mr. Carroll had recommended, but he kissed goodbye to $35,000 of his own money in the same deal, an apartment complex in Albany, Georgia. When Albany's major employer, Firestone, closed its plant, occupancy sagged and the complex went into foreclosure.

That is just one episode in the sorry saga of the limited partnership business, which investors have been spurning in droves. Sales of public limited partnerships in 1989 — about $7.5 billion — were down 28 percent from 1988, according to Robert A. Stanger & Co., a New Jersey firm that tracks the industry. Hardest hit last year were partnerships investing in real estate, down 47 percent, and research and development, down 38 percent. In fact, sales sank in almost every category except equipment leasing.

The response has been so bad that the industry has taken a hard look at itself. In an effort to lure back investors, many partnership firms have cut their fees and agreed to take on more risk in the deals. The firms hope to regain the confidence of brokers and other financial advisers still smarting from the complaints of their clients. Also weighing on the industry are dire

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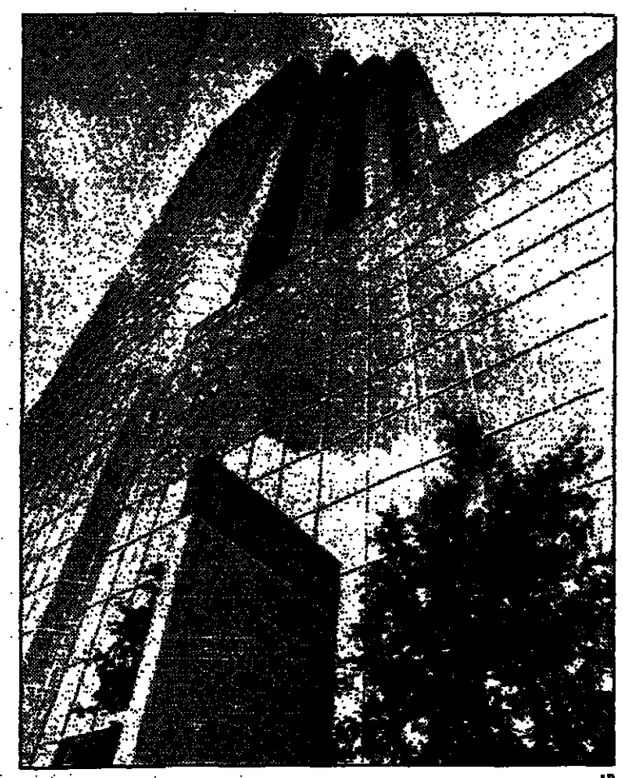

AP

A Houston office tower short on tenants. The slump in U.S. real estate has undermined partnership sales.

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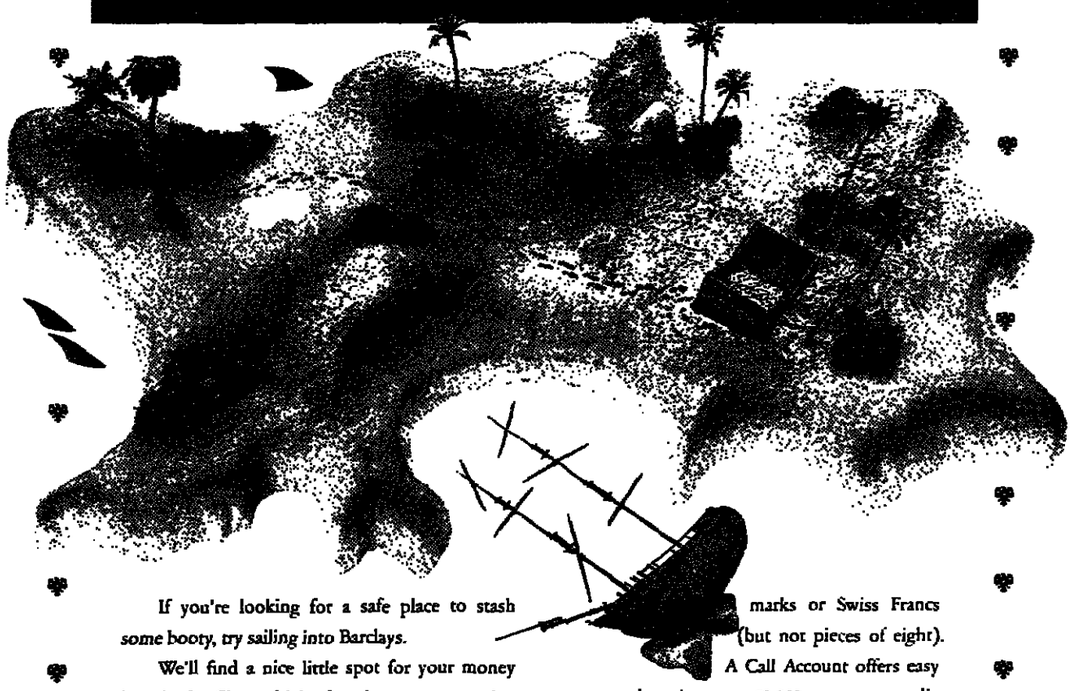

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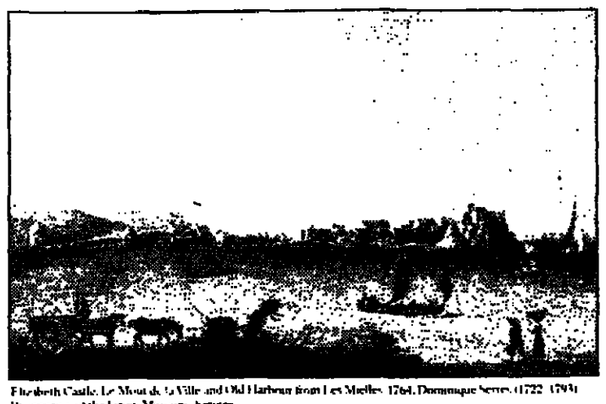

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PROFILE

Steinhardt's Rule: Stay Nimble

By David C. Lanchner

AS news wires reported Dec. 15 that General Manuel Noriega, the now deposed leader of Panama, had declared war on the United States, Michael Steinhardt started looking for buying opportunities.

From behind a desk designed in the shape of a ship's bow, Mr. Steinhardt told his traders to buy shares in The Chubb Corp., an insurance company whose stock price had fallen more than twice the market's average. He had been trading the stock for weeks, selling during periods of unusual investor euphoria and buying when the market seemed bearish.

The news out of Panama was just the kind of short-term opportunity that the top-ranked stock picker relishes. As far as Mr. Steinhardt was concerned, the Panamanian dictator's declaration did not, at the moment, pose a serious threat to the United States. But a few panicked investors were herding a timid market into a temporary sell-off.

Indeed, by the end of the day, stock prices had largely recovered and over the next two weeks, Chubb shares appreciated 5.4 percent, considerably outperforming the flat holiday market. The play was typical of Mr. Steinhardt's ability to exploit Wall Street mood swings.

Michael Steinhardt: "The government has a big ace up its sleeve."

"Michael Steinhardt has been so successful because his view is short-term," says Tony Tsu, formerly one of Mr. Steinhardt's chief researchers and now a money manager at Citibank.

That strategy flies in the face of the often-heard counsel to focus on the long-term. Many professional investors justify their moves by pointing to sweeping economic and social changes that extend over years — such as the aging of the baby boom generation. But Mr. Steinhardt has an inherent distrust of the extended view.

"I don't really pay attention to what analysts say about a company's future prospects," he says. "Because I don't know when or if the economy will sink, I don't like to take more than a 12-month investment outlook."

His firm, Steinhardt Partners, has built its success on lightning-fast trades that try to take advantage of excessive optimism or pessimism in the market. When a stock is overbought or oversold, according to the Steinhardt philosophy, it is usually the result of people reading too much into the future. For this reason his funds often sell "short" — betting that shares in a particular company or market will decline in value. When Mr. Steinhardt is optimistic about the market, his short positions still tend to average about 40 percent of his portfolio.

Although he has made big bets in the past and suffered worse than average losses in the October 1987 stock market crash, he is basically a cautious investor. The only other year he had a negative return in one of the three portfolios he runs for institutions and wealthy individuals was in 1972.

Mr. Steinhardt's strategy of trying to profit from rises and falls in stock prices has served his clients well. One dollar invested in 1967, Steinhardt Partners' first year, is now worth $128. That return is 20 times greater than the gain in the Standard and Poor's 500 stock index in the same period.

These days, says Mr. Steinhardt, investors are overly pessimistic, at least in the near term. He believes that economic indicators point to a stable economy. Corporate earnings are holding their own as are interest rates, "which would presumably have come down by now if the Federal Reserve expected a recession."

Mr. Steinhardt is taking advantage of fears of an economic slowdown by buying so-called cyclical stocks, which have been out of favor with investors. Most commonly, these are shares in companies that either produce machinery or raw materials. They do best in times of economic growth when companies must produce more goods or expand production to meet consumer demand. They tend to do poorly when demand is flat, and there is little incentive for companies to expand.

He is making some of his biggest bets on aluminum producers Alcoa and Reynolds. The reason, he says, is that the market has misunderstood this sector.

"Although they are perceived as cyclicals, they actually have very secure growth. Aluminum is used for food cans and is also an essential element in the auto industry," Steinhardt says.

Alcoa, Reynolds and many other cyclical stocks are trading at prices that are roughly equal to seven times forecast annual earnings. That is far lower than the stock market's average multiple, which stands at about 12 times earnings.

Mr. Steinhardt also believes insurance companies like Chubb will do well if the economy continues to grow. "The firms were able to raise the price of property insurance following Hurricane Hugo and the San Francisco earthquake last fall," he notes.

"Right now the clearest danger is the troubled real estate market," he says. Overbuilding throughout much of the country has resulted in a glut that is depressing land prices and even threatening some large banks with major losses.

But Mr. Steinhardt, who likes to keep such problems in perspective, notes that "the federal government has a big ace up its sleeve." That ace is interest rates, which Mr. Steinhardt believes have room to come down.

Given that view, Mr. Steinhardt enters the new year on a sanguine note. "I think there is enough steam in the economy to propel the Dow Jones Industrials Average well over the 3,000 mark in the next 12 months," he says.

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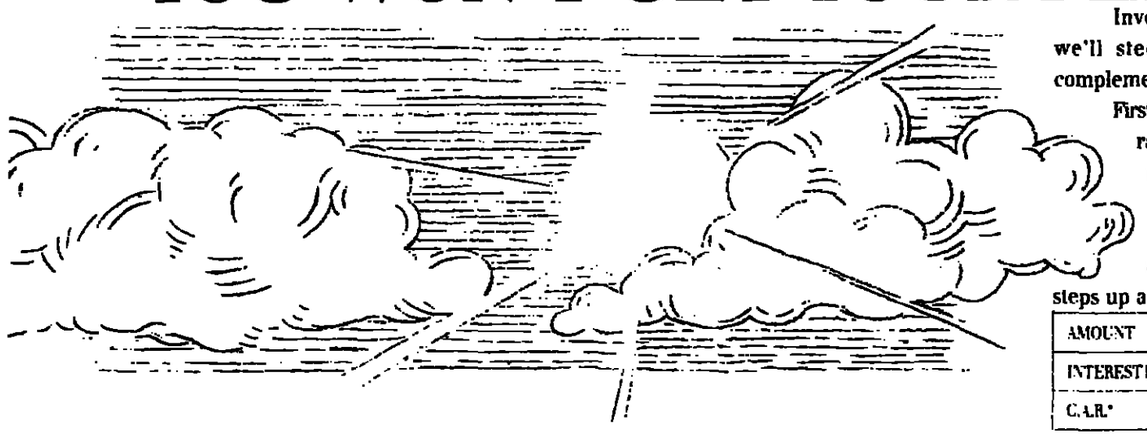

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PARTNERSHIPS

Sponsors' Fees Cut

Continued From Page 19

predictions on the outlook for U.S. real estate, a key sector for industry.

Limited partnerships are pooled funds from many individuals that are invested in a major project such as an office building or an oil well. The idea is to earn some income during the life of the partnership and, when all goes well, a substantial gain at the end when the assets are sold or refinanced. The minimum investment in a public limited partnership is usually $5,000; in a private partnership, which is limited to 35 investors, the minimum is $50,000.

The decline in partnerships began when the 1986 Tax Reform Act curtailed their ability to shelter an investor's income from taxes. Many partnerships that had little business justification and used heavy borrowing to maximize tax benefits simply collapsed. Investors who became limited partners learned a hard lesson about the difficulty of reselling their investments. The partnerships could only be unloaded at steep discounts.

The crash drew attention to the high fees — as much as 30 percent — and the big slice of profits that sponsoring firms were claiming. Many partnerships simply "gouge the investors," complains G. Timothy Haight, cofounder of Haight Analytics Ltd., a partnership analysis firm in Phoenix, Maryland.

Partnership firms take their fees in various forms. The firm that acts as the general partner, the manager of the program, usually takes an initial fee for setting up the investment, and then earns a management fee during the life of the investment. Finally, the general partner takes a chunk of the profits when the investment is sold.

To win back investors, the firms that sponsor the programs and act as general partners are trying different tacks such as reducing up-front fees, offering guaranteed return of investment and shouldering more of the risk.

A 60 percent decline in sales of its partnerships last year convinced Realty Income Corp. of Escondido, California, to rethink its fees. In two new investment partnerships that went on sale this month, the firm has reduced its initial fees to a maximum of 15 percent from its usual 20 percent.

Usually, the initial fee includes some profit for the sponsors, but Realty Income Corp. says it is foregoing that amount. It is also eliminating a 1.5 percent property management fee.

As a trade-off, Realty Income has structured the investment so the firm stands to make bigger-than-usual gains if all goes well. It will also take a larger chunk of the final gain on the sale of the property. Under the partnership arrangement, the limited partners have first claim on the proceeds of the sale equal to their initial investment plus 6 percent simple interest for every year that the partnership lasted. Of the remaining amount, limited partners receive 90 percent and Realty Income receives 10 percent, up sharply from its usual 1 percent share.

While such concessions sound good, they all bear close investigation, says a skeptical Mr. Haight.

First, Mr. Haight believes the initial fee for acquiring a limited partnership should never total more than 15 percent. In addition, he looks for an annualized total return over the life of the investment of 15 to 20 percent.

Mr. Haight also tells investors to find out if there is a mechanism through which the limited partners can oust the general partner if the program is underperforming.

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Best Performers

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Seaside West Capital	+1
Atlantis Fund Inc.	+
Western Co. No. America	+
Sky Fund Inc.	+
Germany Fund Inc.	+
Parker Drilling Co.	+
Lifeline Corp.	+
Delta Growth Fund	+
Bay Research Inc.	+
Commodore Int'l Ltd.	+

American Stock Exc

Dawn Inc.	+
MMG/Courtland Props.	+
Fisher Corp.	+
Clear Channel Comm. Inc.	+
ASI Group Inc.	+

Over the Counter:

Intercontinental Life	+
Financial Inds. Corp.	+
Gulf Research & Dev.	+
Offshore Logistics Inc.	+
Avon Corp.	+

London Stock Exchange

Compiled by Morgan Stanley Ca

Tarmac Group	+
Harry Woodrow	+
British Land	+
Costain Group	+
Warnborough and Crosfield	+
Rugby Group	+
Lasmo	+
Royal Bank of Scotland	+
Westland	+
Blue Circle Industries	+

Tokyo Stock Exchan

Compiled by Morgan Stanley Ca

Nippon Oil	+
Ricoh Co.	+
Matsushita Industries	+
Showa Mining	+
Nippon Wool Textile	+
Honshu Paper	+
Tokyo Seikan	+
Daido Woolen Spinning	+
Komatsu	+
Nomura Securities Finance	+

FOCUS

Warrants

Continued From Page 19

...ur years, and the assets of war-...rants swelled, thanks to huge ...s and the inflow of investor... ...ney. The size of MIM Britan-...nia Fund has leaped to $220 mil-...n from $35 million over the ...ce of 1989 alone. Since its ...ch in January 1986, Gart-...re's Japan Warrant Fund has ...mped from $1 million to $37 ...on. The fund's per-share net ...et value surged by 91.1 percent ...r 1989.

...Minimum investments range ...m $5,000 in the Nippon War-...nt Fund to $10,000 for Gart-...re's Japan Warrant Fund. ...ne Seton, director of Gartmore ...estment Management, notes ...at the minimum subscription ...ill drop to between $3,000 and ...,000 in the near future. The Jap-...se Warrant Fund, launched by ...bert Fleming & Co. last Octo-...er, has removed the initial fee of ...1,000 altogether.

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December Market Scoreboard

	Percent Change	Price Dec. 29		Percent Change	Price Dec. 29
Best Performers			**Worst Performers**		
New York Stock Exchange: Compiled by Media General Financial Services. Prices in dollars					
Pinnacle West Capital	+112.0	11.13	City Trust Bankcorp Inc.	−36.0	13.25
Austria Fund Inc.	+64.4	20.50	Tonka Corp.	−27.6	11.13
Western Co. No. America	+52.8	13.75	Lands End Inc.	−26.0	20.25
Italy Fund Inc.	+52.7	17.00	Helene Curtis Inds.	−24.6	24.88
Germany Fund Inc.	+37.5	19.25	Salant Corp.	−23.6	11.75
Parker Drilling Co.	+36.5	10.00	Prime Motor Inns L.P.	−23.1	10.00
Lifetime Corp.	+30.3	24.75	Biocraft Labs Inc.	−21.2	16.75
India Growth Fund	+25.8	19.50	First Interstate Bancorp.	−20.6	41.88
Gray Research Inc.	+24.8	99.00	Wheeling-Pittsburgh	−19.8	11.13
Commodore Int'l Ltd.	+24.6	10.75	Federal Home Loan Mtg.	−19.4	67.13
American Stock Exchange:					
Team Inc.	+25.0	11.25	Leo's Industries	−37.7	13.00
HMG/Courtland Props.	+22.8	12.13	Landmark Land Co.	−24.4	12.00
Graham Corp.	+22.5	24.50	First National Corp.	−21.5	15.50
Clear Channel Comm. Inc.	+20.8	14.50	Catalina Lighting Inc.	−20.0	10.00
NS Group Inc.	+17.9	11.50	Mission Resource L.P.	−17.1	12.75
Over the Counter:					
Intercontinental Life	+69.2	33.00	Central Jersey Financial	−31.7	10.25
Financial Inds. Corp.	+57.1	11.00	First Fed. Svgs. Bk. Dec.	−31.5	12.50
Int'l Research & Dev.	+38.6	12.13	XL/Datacomp Inc.	−25.2	10.75
Offshore Logistics Inc.	+36.2	11.75	Piper Jaffray Inc.	−23.2	19.00
Elan Corp.	+35.0	13.50	Clean Harbors Inc.	−22.6	11.00
London Stock Exchange: Compiled by Morgan Stanley Capital International. Prices in pence					
Dixons Group	+28.3	136	Ferranti Int'l Signal	−39.8	30
Taylor Woodrow	+25.5	320	Saatchi and Saatchi	−12.3	249
British Land	+23.9	394	ASDA	−10.8	116
Costain Group	+21.7	314	Charter Consolidated Reg.	− 9.9	436
Harrisons and Crosfield	+21.1	172	Amersham International	− 8.7	348
Rugby Group	+20.4	189	Johnson Matthey	− 8.6	338
Amec	+19.4	466	Blue Arrow	− 8.4	87
Royal Bank of Scotland	+19.2	211	STC	− 8.2	248
Amstrad	+19.2	47	De La Rue	− 7.4	301
Blue Circle Industries	+19.0	257	Greenall Whitley	− 7.0	344
Tokyo Stock Exchange: Compiled by Morgan Stanley Capital International. Prices in yen					
Arabian Oil	+65.3	13,800	Inageya	−16.4	6,880
Toho Co.	+48.8	48,500	Bridgestone	−13.8	1,690
Kajakura Industries	+48.3	7,400	Sanyo Securities	−11.5	2,150
Dowa Mining	+45.6	1,420	Mishin Steel	−10.0	1,260
Japan Wool Textile	+43.1	3,220	Yokohama Rubber	− 9.7	1,400
Honshu Paper	+39.8	1,850	Penta Ocean Construction	− 9.6	1,410
Tokyo Seikan	+36.4	3,970	Daiwa Securities	− 9.6	2,950
Daiko Woolen Spinning	+34.6	1,550	Mitsui Real Estate	− 9.5	2,940
Izumiya	+34.8	3,950	Chugai Pharmaceutical	− 9.3	1,950
Japan Securities Finance	+34.6	2,840	Nippon Fire and Marine	− 9.2	1,680

International Herald Tribune

BOURSES

Green Plays Cut Across Industrial Groups

Continued From Page 19

But while environmental plays may prove profitable in the long-term, analysts warn that they could also be subject to higher risk in an economic downturn. When sales fall, they say, industry will likely sacrifice more costly "clean" materials and processes for cheaper and less environmentally safe equivalents. Consumers, they believe, will follow suit.

"The risk is that in a downturn, the customer will not be prepared to pay a higher price for a green product and the companies that make them will go bust," says John Szymanowski, an analyst with S.G. Warburg Securities in London. "If I'm out of a job, I'll be more likely to buy regular toilet paper than the more expensive recycled toilet paper."

Another problem is finding companies whose green business makes up a big portion of their bottom line. In the case of large, multifaceted companies, the green activities may play a comparatively small role in the profit picture. Other parts of the business may even be perceived as environmentally unclean.

"Five percent of the companies may be environmentally good and five percent environmentally bad," says Mr. Childs. "In the middle are the remaining 90 percent which have some units that are good and some that are bad. It takes a lot of research and manpower to evaluate them."

Mr. Childs says his funds would invest in "environmentally difficult" industries like paper, mining, chemicals or oil "if the company used a process that caused less pollution than before."

One way of narrowing the search for green stocks is zeroing in on companies clearly in line to tap the increasing flow of government spending or to profit from tightened environmental regulations. Experts expect a wave of both spending and regulations now that the green movement has established its political credentials throughout Europe.

In Britain, the Greens took 15 percent of the vote in European Parliament elections, up from 0.3 percent in the 1987 general election. In France, Les Verts doubled their representation in municipal elections, with 1,369 Green candidates winning council or mayoral seats, while they took nine seats in the European Parliament. Environmental issues are gaining importance in Italy and Spain, too.

At the same time, the green political consciousness is gaining strength in Brussels. As Europe accelerates toward its target for a single market by Jan. 1, 1993, environmental directives have begun to trickle out of the European Commission in such areas as exhaust emission standards for cars.

The UBS/Phillips & Drew study forecast that over the next few years, medium-term targets on pollution control will be set by the EC as high as those currently in force in West Germany and Holland. The Dutch National Environment Plan, introduced last April, calls for pollution to be slashed by 70 to 90 percent by the year 2010. Industry would foot half the bill, which is expected to rise to $3.4 billion by 1994.

Based on that assumption, the report calculates that annual environmental spending in the Community will grow to between $125 billion and $175 billion by 1991. That is a substantial increase from $46 billion in 1987. At those levels, environmental spending would represent 2 to 3 percent of the Community's GNP.

Here are few companies that have come under scrutiny by green-conscious investors:

Sutcliffe Speakman: This U.K. company makes activated carbon used for solvent recovery and water treatment. Followers of Sutcliffe expect its pretax earnings to almost double to $3 million in fiscal 1990. The shares had a good run in 1989, rising 40 percent.

> Tighter rules could spell big profits.

Powerscreen: This U.K. manufacturer of screens for processing crushed construction stone hardly seems at first glance like a good green candidate. But Mr. Steer of James Capel sees it as a sort of recycling play, noting that "these products allow old quarries to be reopened and old roads to be reused." He believes West Germany may turn out to be a strong market for its products. Powerscreen's pretax profit is expected to rise to $14 million in 1990, from $11.5 million in 1989. The stock soared 77 percent over the past 12 months.

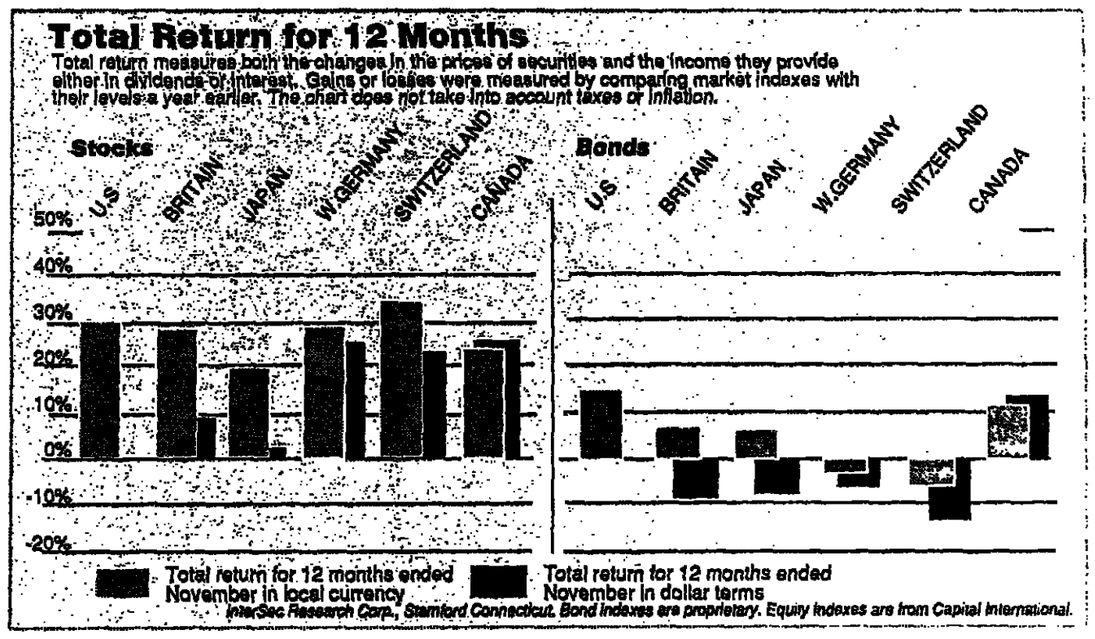
Attwoods: British waste-management companies have surged in value over the last year, but Attwoods remains one of the few shares in the group still considered a bargain by many analysts. The company's shares trade at about 20 times 1989 earnings, despite a 53 percent rise in its stock price over the past year.

Fuel-Tech: This Dutch company developed a process called NOX-out that removes nitrous oxide — a prime cause of acid rain — from fossil fuel power stations. Notes Mr. Childs of Merlin Jupiter: "They're beginning to get a lot of orders in the United States."

Generale des Eaux and Lyonnaise des Eaux: These two French water-distribution companies get high marks for their sophisticated waste-management and water-treatment businesses. Phillips & Drew analyst Ian Furnivall calls the two utilities "the deepest green" of eight French stocks it listed as candidates for an environmental portfolio. "The treatment and distribution of water, as well as associated hydraulic works, uses technology that is highly exportable and addresses a growing need in Europe."

Deutsche Babcock: This German engineering company, with wide experience in nuclear and conventional energy, has developed strong environmental control technology. Phillips & Drew notes that the company has about 45 percent of the market for removal of harmful nitrogen compounds and 26 percent of the desulphurization business. Pretax earnings are expected to rise to 53 million Deutsche marks ($31.2 million) in 1990, from 47 million marks in 1989. Followers of the company, whose Share prices rose about 50 percent last year, see promising markets in Eastern Europe.

Degussa and Johnson Matthey: Degussa of West Germany and Johnson Matthey of Britain are major suppliers of catalytic converters for car exhaust systems. By 1993, EC regulations will require all new cars sold in the Community to be equipped with catalytic converters. Degussa has the added attraction of being a major supplier of zeolites, the chemicals that can replace phosphates in detergents. □



FOCUS

Warrants Funds on Fast Track

Continued From Page 19

recent years, and the assets of warrant funds swelled, thanks to huge gains and the inflow of investor money. The size of MIM Britannia's fund has leaped to $220 million from $35 million over the course of 1989 alone. Since its launch in January 1986, Gartmore's Japan Warrant Fund has expanded from $1 million to $37 million. The fund's per-share net asset value surged by 91.1 percent in 1989.

Minimum investments range from $5,000 in the Nippon Warrant Fund to $10,000 for Gartmore's Japan Warrant Fund. Bruce Seton, director of Gartmore Investment Management, notes that the minimum subscription will drop to between $3,000 and $5,000 in the near future. The Japanese Warrant Fund, launched by Robert Fleming & Co. last October, has removed the initial fee of $15,000 altogether.

Although the various funds are fully invested in Japanese warrants, their investment strategies differ. The managers of Fleming's $150 million, closed-end Japanese Warrant Fund, whose share price has appreciated 40 percent since its October launch, prefer to trade actively to stay on top of the market. "The key to good performance in Japan is to pursue rapid sector rotation," says Roddy Fleming, a director of the Japanese Warrant Fund.

In contrast, MIM Britannia's strategy is based on a broad diversification in the major sectors.

"Even if we don't particularly like a sector, we'll be represented there because of our low-risk strategy," explains Francis Pike, director of Asian and Japanese investment at MIM Britannia. □

Barry Cohen

The Umbrella Approach to Funds

Continued From Page 19

for portfolios representative of the target market rather than aggressively trying to pump up performance.

"They mostly buy blue chips," says Jonathan Overland, the marketing director for the Royal Trust Assetmix umbrella fund. "It isn't reasonable to expect all of the subfunds to be top performers, so we've tried to structure them to provide returns that are roughly in line with the underlying market."

Umbrella funds make much of the fact that they provide free switches between subfunds. As a result investors may be under the mistaken impression that only umbrella portfolios offer this service. The truth is that many fund companies have a wide range of stand-alone portfolios offering free switching. □

GAM

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GAM's major US$ offshore funds recorded the following gains in 1989:

	GAIN	SIZE
GAM Worldwide	+26.1%	U.S. $523.0 m
GAM Pacific	+47.4%	U.S. $149.1 m
GAMut	+53.6%	U.S. $231.3 m

Since inception on May 3 1983 GAM Worldwide has recorded compound annual growth of 27.1%.

Since inception on November 1 1983 GAM Pacific has recorded compound annual growth of 33.0%.

Since inception on July 2 1986 GAMut has recorded compound annual growth of 37.9%.

For further information on these and other GAM funds please contact: GAM Administration Ltd., 11 Athol Street, Douglas, Isle of Man, British Isles, Tel.: 44-624-26037, Telex: 628625 GAMAD G, Fax: 44-624-25956.

This is the key that stands for the world's most treasured possession.

It is the key to the Statue of Liberty in New York harbor, proudly holding a torch that lights the way to freedom. The colossal copper structure was designed by Frédéric-Auguste Bartholdi and engineered by Gustave Eiffel. A gift from France commemorating the U.S. centennial celebration in 1876, the statue was completed in Paris in 1884 and unveiled two years later in New York.

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GGK

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MONDAY SPORTS

Villanova Defeats No. 1 Syracuse

The Associated Press

The best game of sophomore Greg Woodard's young life also turned out to be one of the best games in the long career of Villanova's coach, Rollie Massimino.

Woodard scored a career-high 27 points as Villanova upset No. 1-ranked Syracuse, 93-74, in a Big East Conference game Saturday night in Syracuse, New York. It was the Orangemen's first loss of the season and ended their record 15-game home winning streak.

"It's a tremendous win for our program and ranks as one of the best we've ever had," said Massimino, whose team made a school record 43 free throws, 19 in the final 4:14 — Woodard was 8-for-8 in that stretch — when the Wildcats fended off a Syracuse charge.

"This is as good as beating Georgetown in 1985 for the national championship and beating North Carolina when they were No. 1" in 1985, Massimino said. "Our people played their hearts out."

Villanova took advantage of another poor shooting night by Syracuse. The Orangemen, coming off a 37 percent shooting performance in a two-point victory over Pitt on Wednesday night, made just 28 percent against the Wildcats.

Stephen Thompson, led Syracuse (10-1) with 20 points, but made just 6 of 20 shots.

No. 2 Kansas 94, Winthrop 51: Terry Brown scored 24 points, 18 on three-point shots, as the Jayhawks became the first Kansas team to go 15-0 since the 1935-36 squad was 21-0.

The crowd roared when the Syracuse score was posted.

"The first couple of times I heard the cheers I thought there was a streaker running through the stands," said Kansas's coach, Roy Williams. "But the last time I looked, it wasn't that big a step from No. 2 to No. 1. You really can't judge No. 1 until everybody gets into conference play.

"I'm not concerned about it," he added. "All the rankings and polls right now are for the newspaper people, who can't think of anything else to put in that space."

No. 3 Georgetown 93, Providence 91: In Landover, Maryland,

COLLEGE BASKETBALL

Mark Tillmon's three-point shot with 52 seconds left capped a career-high 39-point game and gave the Hoyas a 91-90 lead. After Providence missed a free throw, Georgetown's David Edwards made two free throws with 28 seconds left.

Tillmon made 11 of 22 shots, including four three-pointers. Georgetown (11-0, 2-0 in the Big East) trailed by six points with 5:32 left before rallying for its 26th straight home victory. Providence got 20 points from Eric Murdock.

No. 24 Minnesota 91, No. 4 Illinois 74: In Minneapolis, Melvin Newbern scored a career-high 27 points and Willie Burton had 21 as Minnesota won its 10th straight after a season-opening loss and ended an 11-game winning streak by previously unbeaten Illinois, 1-1 in the Big Ten. It was Minnesota's conference opener.

No. 6 Oklahoma 66, Colorado 61: Tony Martin had 22 points as the nation's highest scoring team, averaging 129.2 points a game, overcame Colorado's slowdown in Boulder, Colorado. It was the Sooners' lowest output of the season — their previous low was an 89-81 victory over Nevada-Las Vegas — and only the third time in 10 games they failed to score 100 points.

The Sooners (10-0, 1-0 in the Big Eight) led, 49-47, before pulling away with a 7-0 run.

No. 7 Missouri 78, Oklahoma St. 68: In Columbia, Missouri, Nathan Buntin scored 25 points as Missouri overcame foul trouble and the illness of three players. The Tigers (13-1, 1-0 in the Big Eight) played without Anthony Peeler, who had the flu, while John McIntyre and Travis Ford played with the flu. Lee Coward played after missing two games with a cracked rib.

No. 10 UNLV 100, San Jose St. 80: In San Jose, California, reserve David Butler scored all his 19 points in the second half and four teammates joined him in double figures as UNLV maintained its perfect record against San Jose State. The Rebels (9-2, 4-0 in the Big West) beat the Spartans for the 18th time in as many games.

No. 11 LSU 77, Auburn 70: In Auburn, Alabama, Chris Jackson scored 25 points and Louisiana State pulled away in the second half. Auburn rallied from a 12-point deficit and went ahead by a point with 12 minutes remaining, but Jackson scored six straight on two 18-foot jumpers and two free throws and LSU (8-2, 1-1 in the Southeastern Conference) never trailed again.

No. 12 Georgia Tech 91, Wake Forest 79: Dennis Scott scored 36 points for Georgia Tech (10-0, 1-0 in the Atlantic Coast Conference), which stretched a 42-36 halftime lead to 19 points in Winston-Salem, North Carolina.

No. 13 Duke 76, Virginia 68: In Durham, North Carolina, Bobby Hurley halted Virginia's second-half rally with two key plays at each end of the floor and Duke survived John Crotty's 22 second-half points. The Blue Devils (10-2) won their 16th straight game over Virginia.

No. 14 Arkansas 92, Texas Tech 75: Lee Mayberry scored 24 points, 12 on three-point shots, for Arkansas (10-2, 2-0 in the Southwest Conference) in Lubbock, Texas.

No. 16 St. John's 77, Boston College 65: In Newton, Massachusetts, Greg Harvey scored 19 points, Malik Sealy 18 and Jayson Williams 17 as St. John's (13-2, 2-0 in the Big East) won its eighth straight.

No. 18 N. Carolina St. 74, Temple 71: In Atlantic City, New Jersey, Rodney Monroe scored 33 points and made six straight free throws in the final 2:21. All his points came from three-point range or on free throws.

No. 19 Arizona 81, Washington St. 61: Sean Rooks's 18 points paced Arizona to its third straight Pacific-10 Conference victory at home. Arizona (8-2, 3-2 in the Pac-10) built a 40-29 halftime lead and began the second half with a 15-2 run. The victory was Arizona's 40th straight at home, the nation's longest current streak.

Ohio St. 79, No. 20 Iowa 73: In Iowa City, Freshman Jimmy Jackson scored 17 of his 28 points in the first half as Ohio State won its second straight Big Ten game against a top 25 team, having beaten No. 9 Indiana on Thursday. Iowa (8-3, 0-1) trailed by 12 points, then rallied to 67-65 with 7:24 to play but couldn't get any closer.

No. 21 Memphis St. 97, Virginia Tech 77: Cheyenne Gibson scored 29 points and Elliot Perry added 22 for Memphis State (9-3, 1-0 in the Metro Conference), in Memphis, Tennessee.

No. 22 Alabama 66, Mississippi 48: In Oxford, Mississippi, Melvin Cheatum scored 19 points for Alabama (10-3, 1-1 in the SEC). Ole Miss led, 10-3, but Alabama took control with a 17-0 run over the next five minutes and added a 24-6 burst in the second half.

Bruno Torres/Reuters-UPI

DOUBLE DEFENSE — Hershey Hawkins of the Philadelphia 76ers trying to get a shot by Buck Johnson, top, and Mike Woodson of Houston. The Rockets won in overtime, 124-119.

No. 25 Loyola Marymount 121, No. 17 La Salle 116: In Philadelphia, Bo Kimble, the leading collegiate scorer, had 32 points and Jeff Fryer and Hank Gathers each had 27. Lionel Simmons led La Salle with 34 points.

La Salle led, 109-105, before two jumpers by Fryer, one a three-pointer, paced a 10-1 surge that gave Loyola Marymount a 115-110 lead with 3:02 left.

No. 23 Oregon St. 77, Stanford 76: On Friday, in Stanford, California, Earl Martin sank two free throws with 11 seconds left in overtime and Gary Payton scored 36 points to lead Oregon State.

SIDELINES

Muster and Zvereva Win in Australia As Sanchez Rallies in New Zealand

ADELAIDE, Australia (AP) — Thomas Muster of Austria rallied from 0-3 in the final set Sunday night to defeat Jimmy Arias of the United States, 3-6, 6-2, 7-5, and win the Australian Hardcourt tennis championship.

Muster, the third seed, twice broke Arias's serve in the final set to win his first tournament since his knee was injured in a car accident last April in Florida.

● In Brisbane, Australia, Natalia Zvereva of the Soviet Union, the sixth seed, struggled to a 6-4, 6-0 victory Sunday over Rachel McQuillan, an unseeded Australian teenager, to win the Queensland Open women's tournament. It was Zvereva's first professional title; she had lost in six finals in 1988 and '89.

● In Wellington, top-seeded Emilio Sánchez of Spain twice rallied from a set down Sunday to defeat Richey Reneberg of the United States, 6-7 (3-7), 6-4, 4-6, 6-4, 6-1, and win the BP Nationals tournament.

11 Ajax Players and Managers Charged

AMSTERDAM (Reuters) — Eleven managers and players from the Dutch first division soccer club Ajax have been summoned to appear in court in May to face tax evasion and fraud charges, the city public prosecutor said Sunday.

The prosecutor, Leo de Wit, said charges involved several million guilders, but he declined to specify the amount or to name those involved. Ajax is suspected of exaggerating transfer costs and of under-reporting payments to players to reduce their taxes.

The affair first came to light in October 1988. In August 1989, investigators ended inquiries into financial details of a number of transfers beginning in 1980. Among the investigated transfers were those of Henning Jensen, Felix Gasselich, Wim Kieft, Piet Hamberg, Simon Tahamata and Soeren Lerby.

Azinger Takes Lead in PGA Opener

CARLSBAD, California (AP) — Paul Azinger of the United States, who took advantage of a lapse by Ian Baker-Finch of Australia on the closing holes, held a two-shot lead after the third round of the Tournament of Champions, the first 1990 event on the PGA Tour.

Azinger putted erratically in his three-under-par 69 on Saturday, but it left him at 13-under 203 after 54 holes. Baker-Finch, who led or shared the lead through the first two rounds, had to work hard to salvage a round of par 72. He took a 205 total into Sunday's final round.

Azinger and Baker-Finch, playing in the final twosome, were tied when they arrived at the 15th. Baker-Finch played the final four in 18, twice one-putting for par, while Azinger needed only 16 shots over that stretch.

NHL Teams Fined $54,000 for Fight

MONTREAL (UPI) — The National Hockey League has suspended three players and levied fines totaling $54,000 to the Minnesota North Stars and Chicago Blackhawks as a result of a pre-game brawl Dec. 28 in Chicago.

Chicago left-winger Wayne Van Dorp and Minnesota right-winger Shane Churla each were suspended 10 games without pay, Minnesota left-winger Basil McRae was suspended for five games and each was fined $500, the league announced Saturday. Also fined $500 were Dirk Graham, Bob McGill and Duane Sutter of the Blackhawks and Mark Tinordi and Dave Mackey of the North Stars. Each club was fined $25,000.

For the Record

The president of the East German Olympic Committee, Manfred Ewald, criticized for an elitist attitude, resigned Saturday, the official ADN news agency reported. The committee's vice president, Günther Heinze, was elected to succeed Ewald, the president since 1973. *(Reuters)*

The National Collegiate Athletic Association has sent Clemson an official letter of inquiry after a preliminary investigation of the university's football team uncovered 14 alleged rule violations, ranging from monetary payments to illegal recruiting contacts, the school said Friday. *(AP)*

Giovanni Parisi of Italy knocked out Roberto Rubaldino of Mexico in the first round of a lightweight bout Saturday in Moscow, gaining the right to challenge the World International Boxing Federation champion, Pernell Whitecker of the United States. For the first time in the history of professional boxing in Moscow, several Soviet boxers were on the bill. *(AP)*

Roy Campanella, 68, the former Brooklyn Dodger catcher and a Hall of Fame member, has been in serious condition in a Los Angeles hospital since Dec. 30, suffering from complications from diabetes and respiratory problems following a cold, the Los Angeles Dodgers said Friday. *(UPI)*

An immigration judge in Chicago has ruled that Bob Probert, a former National Hockey League star with the Detroit Red Wings, should be deported to Canada because he failed to comply with conditions of admission to the United States, Probert's attorney said Friday. Probert, 24, is serving a three-month prison sentence for trying to bring 14.3 grams (about half an ounce) of cocaine into the United States on March 2. *(UPI)*

Dean Willey of Britain, the two-time champion in weight lifting at the Commonwealth Games and a seventh-place finisher at the 1988 Olympics, was given a life suspension Saturday because of testing positive for excessive levels of the male hormone testosterone at the British national championships in October. *(AP)*

Bobby Bowden, 60, the football coach at Florida State, agreed to terms of a lifetime contract that will double his salary to more than $600,000 a year, making him the highest-paid college coach in the state and among the highest in the United States. *(AP)*

Jim Valek, a former executive for teams in the National Football League and the defunct U.S. Football League, has been named coach of the Barcelona team in the new International League of American Football. *(AP)*

Seton Hall Lands Star Soviet Player

The Associated Press

NEW YORK — Seton Hall has recruited a Soviet junior basketball player who plans to enroll in the Big East Conference school later this month.

Arturas Karnishovas, 18, visited the university and took his college entrance exams in late November, according to Big East Briefs, a private newsletter that concentrates on Big East basketball.

It said that Karnishovas, a 6-foot, 8-inch (2.03-meter) forward, is living in Alameda, California, with Sharunas Marchulionis, a guard for the Golden State Warriors of the National Basketball Association. Marchulionis is, like Karnishovas, a native of Lithuania.

Karnishovas has to be cleared for eligibility by the National Collegiate Athletic Association but, the newsletter said, he plans to arrive at the New Jersey university on Jan. 9, and attend classes on Jan. 22, the first day of the spring semester.

Karnishovas played with a Lithuanian club team that toured the United States in November. When the team returned home, he stayed with a friend in Oakhurst, New Jersey, according to the newsletter.

"He is the best player in the Soviet Union for his age," Marchulionis said.

Seton Hall is no stranger to international players. Olympians Andrew Gaze of Australia and Ramon Ramos of Puerto Rico were starters on last season's team, which lost to Michigan in the national championship game. Marco Lokar, a freshman from Italy, became eligible last week.

Bittner, Schneider and Nilsson Win Cup Slaloms

Reuters

Schneider racing to her lop-sided victory: 'I skied beyond my expectations.'

Swiss Ace Makes Stunning Return From Injury

Compiled by Our Staff From Dispatches

KRANJSKA GORA, Yugoslavia — Armin Bittner of West Germany, the World Cup slalom champion, bounced back from a disappointing performance 24 hours earlier to win the second men's slalom of the weekend here Sunday.

Saturday, in Piancavallo, Italy, Vreni Schneider of Switzerland, surprising even herself, won a women's slalom in her first race after undergoing knee surgery a month ago.

Bittner, who was in fourth place after the first leg Sunday, was 0.42 seconds faster than his rivals on the second run to record his fifth World Cup slalom victory.

In Saturday's slalom, he was fastest after the first run but missed a gate in the second. Jonas Nilsson of Sweden then edged Hubert Strolz of Austria, becoming the first Swedish World Cup slalom winner since Ingemar Stenmark in 1987.

Along with Bittner, four other skiiers were disqualified for missing gates, including Pirmin Zurbriggen of Switzerland and Marc Girardelli of Luxembourg.

Girardelli said Sunday he would not compete in Thursday's downhill and added: "I don't expect to be completely fit until March, so this season is practically lost for me." He incurred back, rib and kidney injuries in a fall during a super-giant slalom last month.

Bittner, who won the season's opening race in Thredbo, Australia, in August, beat the slalom standings leader, Bernhard Gstrein of Austria, by 0.11 seconds and Paul Accola of Switzerland by 0.49.

Ole Christian Furuseth of Norway took seventh place to raise his leading overall World Cup tally to 137 points.

In the women's slalom, Schneider beat an Austrian trio by a wide margin, capturing her second slalom this season and the 29th World Cup victory of her career.

"I skied beyond my expectations since I'd been training in gates only a few days before this race," said the defending World Cup champion, who had cartilage removed from her left knee after an injury during downhill practice in the United States on Dec. 6.

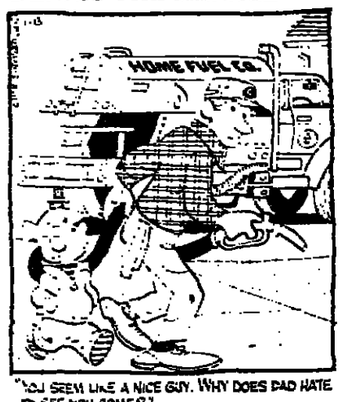
She she mastered the course in a winning two-run time of 1:18.86. Monika Maierhofer of Austria, although fastest in the second run, finished 1.38 seconds behind Schneider.

It was one of the biggest gaps ever for a slalom, in which the top skiers usually are separated by hundredths of a second.

The men's races on Saturday and Sunday had been scheduled for Madonna di Campiglio, Italy, but were moved because of lack of snow.

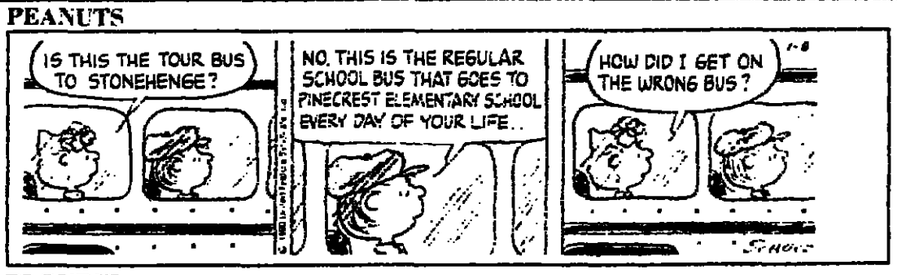
The International Skiing Federation announced Saturday that the men's giant slalom that was first scheduled for Kranjska Gora on Jan. 6, then moved to Switzerland because of a lack of snow, would be held Jan. 14 in La Villa, Italy. *(Reuters, AP)*

DENNIS THE MENACE



"YOU SEEM LIKE A NICE GUY. WHY DOES DAD HATE TO SEE YOU COME?"

PEANUTS



ANDY CAPP

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four jumbles, one letter to each square, to form four ordinary words.

FELCT

ENAKO

INSHIF

SENFUI

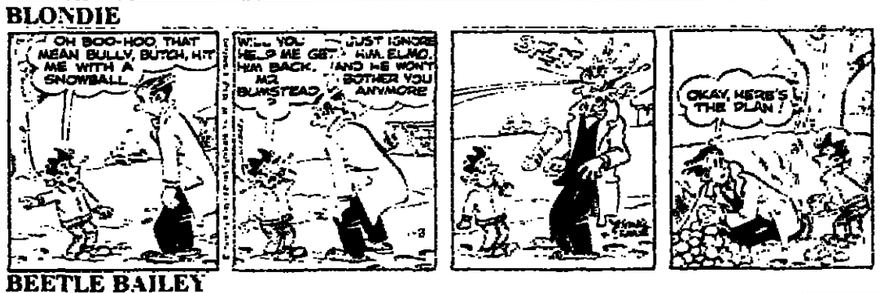
IT WAS OFF-SEASON FOR FISHING, WHICH IS WHY THE SHERIFF MADE IT THIS.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: "___ ____ ____ ____" (Answers tomorrow)

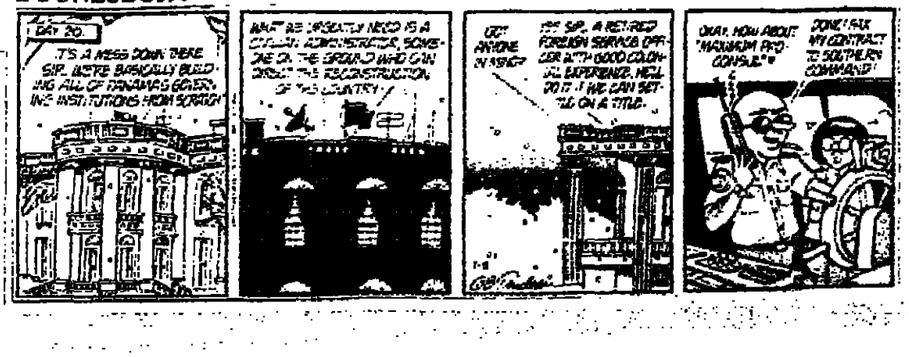
Saturday's Jumbles: SCARY FRIAR BLEACH RAVAGE
Answer: What came between those two poets behind professional boxers? — VERSUS (versus)

BLONDIE



BEETLE BAILEY

DOONESBURY



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MONDAY SPORTS

Rams, 49ers, Browns Gain NFL's Conference Championship Games

Vikings Ousted, 41-13, In Worst Playoff Loss

By Michael Wilbon
Washington Post Service

SAN FRANCISCO — The defending champion San Francisco 49ers, the National Football League's team of the 1980s under the coaching of Bill Walsh, looked just as majestic in their 1990s playoff debut under George Seifert.

Joe Montana threw four touchdown passes in the first half, Jerry Rice caught two, running back Roger Craig carried for more than 100 yards, the defense ran two quarterbacks off the field and the result Saturday was a 41-13 National Football Conference wipeout.

It was the Minnesota Vikings' most lopsided playoff loss.

"When you get the time I had, and with the guys I have to throw it to, good things are going to happen," Montana said. "All week long we've been hearing about their pass rush against our offensive line ..."

The Viking defense, which led the league in sacks, didn't lay a hand on Montana the first half; that defense, which allowed an average of 261 yards per game during the season, gave up 320 in the first half.

The largest crowd ever to see a game in Candlestick Park, 64,585, was treated to another afternoon of 49er efficiency. And, for the Vikings, it could have been worse. Much worse. The 49ers' kicker, Mike Cofer, the NFL's leading scorer, missed on two field goal kicks and an extra point try. Plus, there was a fumble inside the 10.

But the NFC West champion 49ers (15-2) did far more than enough damage to the disconcerted NFC Central champion Vikings (9-8) to return to the conference title game here next Sunday.

Montana, running up yards and points as if standing in an arcade fighting up a pinball machine, was 17 of 24 passing for 247 yards — 13 of 16 for 210 yards during a 27-3 first half. Safety Ronnie Lott's 58-yard interception return for a touchdown (off a throw by reserve quarterback Tommy Kramer) made it 34-6 in the fourth quarter. And Tim McKyer's 44-yard interception return (off third-stringer Rich Gannon, playing for the first time this season) set up Craig's four-yard run that made it 41-6.

The 49ers' Terrence Flagler returned the opening kickoff 58 yards to the Minnesota 41. Montana's nine-yard pass to Rice, Craig's 15- and five-yard runs whisked the 49ers to the 10. But Montana's handoff never reached Craig on the next play, and linebacker Ray Berry was on the ball at the nine.

The Vikings moved out of danger with some authority. Quarterback Wade Wilson ran nine yards on first down. Three plays later, he hit tight end Steve Jordan for 19 yards to the 49ers' 43. Herschel Walker ran six yards, Wilson ran nine and the Vikings were at the 24.

But two running plays and an incompletion left them to rely, as so often, on Rich Karlis to kick a field goal. His 38-yarder made it 3-0, and that was it for Viking highlights.

On the next play from scrimmage, Montana hit Rice on a seven-yard slant pattern. But the defenders were everywhere but where they should have been: around Rice. So the all-pro wide receiver broke linebacker Mark Dusbabek's glancing attempt at a tackle, then outran everyone else en route to a 72-yard touchdown. It was 7-3, and the Vikings dropped their heads.

On Minnesota's next series, Walker was stopped cold on third and one, forcing a punt.

Craig ran 29 yards, then Montana hit running back Keith Henderson for 15 and tight end Brent Jones for eight and the touchdown. It was 14-3 and counting.

Again the 49ers got inside the 20, although Cofer missed on a 31-yard field goal, but Wilson, with about 12 seconds to throw, fired a pass into the chest of safety Chet Brooks, who returned the ball 28 yards to the 21.

Three plays later, Montana hit Taylor with his third touchdown pass of the game. The eight-yarder made it 20-3, Cofer missing the point-after on a bobbled snap.

The next series said it all about the Vikings. Charles Haley, the 49ers' designated pass rusher, sacked Wilson for an 11-yard loss. The next play, with Vikings receivers doing nothing special to get open, Wilson ran for his life, gaining 11 yards. But that was negated on the subsequent play when end Kevin Fagan trapped Wilson for another 11-yard loss.

Some nifty running by Tom Rathman and Craig got the 49ers downfield in a hurry, and Montana finished off a fourth scoring drive with a fourth touchdown pass, 13 yards to Rice for a 27-3 lead late in the second quarter.

At the half, Montana had completed 13 of 16 passes for 210 yards and four touchdowns, Rice had catches for 112 yards and two touchdowns, Craig had rushed 11 times for 95 yards. Until the last series of the second quarter, the Vikings had three yards of offense. The half ended with Wilson throwing two desperation passes that reflected Minnesota's state.

Walker wasn't even on the field then, and Wilson wasn't for the start of the second half, benched in favor of venerable Tommy Kramer.

Mike Groll/The Associated Press

Wide receiver Don Beebe of the Bills landed on his head and lost the ball on a hotly disputed play at the end of the first half in Cleveland.

Last-Second Interception Kills Bills, 34-30

By Gerald Eskenazi
New York Times Service

CLEVELAND — The Cleveland Browns and the Buffalo Bills created the sort of aerial havoc that Great Lakes teams are rarely known for: Their American Conference divisional playoff game came down to the final three seconds with the Bills driving goalward.

Jim Kelly tried to pass into the end zone, to Thurman Thomas. Instead, linebacker Clay Matthews intercepted the ball on the two-yard line. On the Bills' sideline, the mouth of their coach, Marv Levy, stopped in midcheer.

It was over, just like that, as the Browns held on for a wild, woolly and surprisingly high-scoring 34-30 victory Saturday for Cleveland.

On the play before the interception, Ronnie Harmon was alone in the end zone but dropped Kelly's pass. Thomas, after the game, said Harmon had immediately gone back to the huddle and told Kelly, "If you had thrown it sooner I would have had it" — continuing a seasonlong feud that Kelly has had with several teammates.

Kelly had thrown for four touchdowns, Bernie Kosar for three.

But this was a game the Browns almost let slip away, having shown little resistance when the Bills swept 77 yards in their previous possession to cut the deficit to four points.

It didn't get to three because Scott Norwood slipped trying to kick the extra point and the ball hit a teammate's back. That forced Kelly to go for a touchdown on the last drive, which began 74 yards away with only 2 minutes, 41 seconds left.

"It was the first time all year we couldn't rush the passer, and it almost cost us the ball game," said the Browns' coach, Bud Carson.

The Browns dominated the clock in the first half, but had only a 17-14 lead after holding the ball for 21 minutes, 56 seconds to the Bills' 8:04.

The Browns' first drive, which consumed more than eight minutes, ended with them being victimized by the home-field advantage they thought was theirs.

When that drive stalled, Matt Bahr was asked to kick a 45-yard field goal. But as he planted his left foot it slipped, and the poor kick with his right was followed by his fall to the half-thawed turf.

The field hurt the Browns again seconds later when, on the Bills' second play from scrimmage Kelly passed seven yards to Andre Reed. Strong safety Felix Wright slipped while covering Reed, the receiver took off past two other defensive backs and ran 65 yards to score.

Given another chance to kick a 45-yard field goal at the end of the next drive, Bahr succeeded. The Browns then went ahead in the second quarter when Kosar threw a 52-yard pass to Webster Slaughter after the quarterback had had to shout instructions to teammates in the wrong alignment.

Kelly brought the Bills right back with a 19-yard pass to wide receiver James Lofton, followed by a 33-yard scoring pass to Lofton.

Late in the quarter, though, Kosar threw his second touchdown pass, a three-yard strike to Ron Middleton after Kevin Mack made some key runs.

Then, on the Bills' last possession of the half, Don Beebe, a wide receiver, appeared to have caught a pass from Kelly but lost the ball as his head hit the ground.

The ball never touched the grass and was picked off by the Browns. But an official whistled the play dead after it was ruled Beebe never had possession, and the replay official allowed the call to stand.

On the press-box television sets, though, it appeared that Beebe had possession when he fell, only to lose the ball when he hit the ground.

The Bills' general manager, Bill Polian, thinking the play should have been ruled a completion for the Bills, shouted to an NFL observer, "Get down on the field and tell them what you saw!"

Kosar produced his third touchdown pass after what did become the game's first turnover.

Under a blitz, Kelly was rushed into making an underthrown pass that was intercepted by Mark Harper on the Browns' 46.

Kosar quickly threw to Slaughter — who was all alone after the Bills failed to make a switch — and the 44-yard play made it 24-14.

That brought a howl from the Dawg Pound, the inhabitants of the Lake Erie end of the stadium berated this season by Sam Wyche, coach of the the arch-rival Cincinnati Bengals, for booing officials so loudly it was difficult to continue play.

But a bit of the bark was taken out of the Pound shortly afterward when, after an exchange of fumbles, Kelly hit Thomas on a six-yard touchdown pass to bring the Bills to within three points.

Eric Metcalf, though, took Norwood's kickoff, cut to his left across the grain and, untouched, dashed 90 yards to score.

Norwood and Bahr exchanged fourth-quarter field goals to make it 34-24. Then the Browns went into a pliable, prevent defense, allowing Kelly to march the Bills to a three-yard touchdown pass to Thomas — before Norwood's extra-point skid.

Glanville Quits as Oiler Coach

United Press International

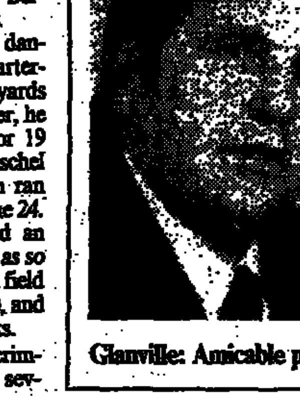
HOUSTON — Jerry Glanville, the embattled coach of the Houston Oilers, will not return to the team for the 1990 season.

The team's owner, Bud Adams, said at a hastily called news conference Saturday that he and Glanville had met for two and one-half hours during the day and agreed it would be in the best interests of all if Glanville, who has a year left on his contract, did not return for the 1990 season.

Adams broke into tears during the announcement and hugged Glanville and Glanville's wife, Brenda.

"Jerry is the one who stepped aside," Adams said. "He was not pushed out the door. I didn't want him to leave. We had a good rapport. Jerry felt uncomfortable about some things and thought maybe it would be best if we were to part company. I think he felt relieved."

The 1989 Oilers were expected to contend for the Super Bowl but lost their last two regular-season games and failed to win the AFC Central championship. They then lost the AFC wild-card game to Pittsburgh, resulting in calls from fans and the local media for Glanville's dismissal.



AP

Glanville: Amicable parting.

30-Yard Overtime Pass Defeats Giants, 19-13

The Associated Press

EAST RUTHERFORD, New Jersey — Flipper Anderson almost could have run all the way to San Francisco.

Instead, the Los Angeles Rams receiver stopped at the locker room where, all alone for 30 seconds, he could reflect on the two plays that had helped his team win the NFC playoff game here Sunday, 19-13, in overtime over the New York Giants.

Anderson drew an interference call on Sheldon White on the fourth play of overtime, the Rams' first OT in a playoff game. After a five-yard penalty, he beat Mark Collins to the right corner of the end zone, caught Jim Everett's perfect pass and ran in celebration through the tunnel leading to the locker rooms.

"I was in here by myself," he said in what had become a packed locker room. "I was thinking, 'We're on our way to what we wanted, another chance at the 49ers.' We got what we came for."

The Rams, who split with the 49ers during the season, will play in San Francisco next Sunday for the National Conference title and a Super Bowl berth.

They were helped by the penalty at the 25 on a slant-in pattern. White barely touched Anderson, but it was enough to draw a flag.

"He got me," Anderson said of White. "As soon as I reached for the ball, he touched me and you're not allowed to do that downfield. It's a penalty."

Not according to White or the rest of a crushed group of Giants, who have lost three straight to the Rams and fell in their first overtime playoff game since the famous 1958 NFL Championship game against the Baltimore Colts.

"All I have to say is the ball wasn't even catchable," White said. "I don't even know if there was contact."

"It's a tough way to lose, especially with the season we had," Collins added. "It's a shame."

The conference title game Sunday will be the fourth consecutive road game for the Rams as they seek to become only the fourth wild-card team to make the Super Bowl.

"I was thinking about playing to go to the Super Bowl," Anderson said. "I had a few seconds to myself and I was still jumping around when the guys came in and rushed me. Aaron Cox tackled me and almost broke my jaw, he was so excited."

It was a dramatic finish to an erratic game. The Rams led 7-6 at halftime despite being outplayed for most of the half. And they trailed 13-7 before two field goals by Mike Lansford forced the overtime.

The Rams took the overtime kickoff and Everett hit Pete Holohan for 12 yards and Henry Ellard for 13. That brought the ball to the Giants' 47. Then came the penalty.

"The defensive man did not play the ball, he played the man," said Bernie Kukar, the field judge who threw the flag. "The ball was still in the air, he wrapped up the receiver while the ball was still catchable. That is pass interference."

Everett, who was 25 for 44 for 315 yards, took the Rams 77 yards in four plays to win it. Late in the fourth quarter, he took them 75 yards in 13 plays before Lansford's 22-yard field tied it with 3:01 left.

The Rams beat New England, 24-20, in the last game of the season to clinch a playoff spot with an 11-5 record. They then beat the Eagles at Philadelphia in the NFC wild-card game, their first playoff victory ever at a cold-weather site.

"We felt we should have beaten the 49ers on Monday night," Anderson said of a 30-27 loss in Game 14. "We've been working to get another chance at them."

Now, they have it. All the Giants have are bitter memories.

"All losses are tough," said Lawrence Taylor, who was a one-man wrecking crew Sunday. "All of us don't want to lose in the playoffs. Especially on that (kind of call). That's the worst thing about it."

Taylor and Ottis Anderson were the best part for the Giants.

Anderson had only one 100-yard game this season, against Washington in the sixth week.

Against the Rams, who held him to seven yards during the season, he was New York's main weapon. He had 69 yards in the first half and 51 in the second for a season-high 120.

NFL Playoff Picture

Wild-Card Games

NFC

- LOS ANGELES RAMS 21, PHILADELPHIA EAGLES 7

AFC

- PITTSBURGH STEELERS 26, HOUSTON OILERS 23 (OT)

Divisional Playoffs

AFC

- CLEVELAND BROWNS 34, BUFFALO BILLS 30
- PITTSBURGH STEELERS (10-7) at DENVER BRONCOS (12-4)

NFC

- SAN FRANCISCO 49ERS 41, MINNESOTA VIKINGS 13
- LOS ANGELES RAMS 19, NEW YORK GIANTS 13

Conference Titles

Sunday, Jan. 14

Super Bowl XXIV

Sunday, Jan. 28

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE

Atlantic Division	W	L	Pct	GB
New York	21	9	.700	—
Boston	19	12	.613	2½
Philadelphia	16	15	.516	5½
Washington	13	19	.406	9
New Jersey	8	23	.258	13½
Miami	7	26	.212	15½
Central Division				
Chicago	21	10	.677	—
Detroit	22	11	.667	—
Atlanta	18	12	.600	2½
Indiana	19	13	.594	2½
Milwaukee	17	14	.548	4
Cleveland	13	17	.433	7½
Orlando	9	23	.281	12½

WESTERN CONFERENCE

Midwest Division	W	L	Pct	GB
San Antonio	21	7	.750	—
Utah	21	11	.656	2
Denver	20	12	.625	3
Dallas	16	15	.516	6½
Houston	14	18	.438	9
Charlotte	7	21	.250	14
Minnesota	7	25	.219	16
Pacific Division				
L.A. Lakers	22	7	.759	—
Portland	22	10	.688	1½
Seattle	15	14	.517	7
Phoenix	14	14	.500	7½
Golden State	13	17	.433	9½
L.A. Clippers	12	17	.414	10
Sacramento	7	22	.241	15

FRIDAY'S RESULTS

L.A. Clippers 34 18 28 34—114
Boston 22 30 36 17—105
Harper 7-15 14-18 28, Manning 12-17 2-4 26; McHale 8-17 4-4 20, Paxson 8-14 0-0 16. Rebounds: L.A. Clippers 58 (Ch.Smith 11), Boston 44 (McHale 12). Assists: L.A. Clippers 25 (Harper 8), Boston 36 (Paxson 9).

Washington 41 21 25 20—107
Cleveland 34 32 31 22—119
Malone 13-29 2-2 28, King 10-17 6-8 26; Price 10-15 3-3 27, Ehlo 8-13 4-4 23. Rebounds: Washington 56 (Jones 11), Cleveland 58 (J.Williams 14). Assists: Washington 24 (Walker 8), Cleveland 31 (Price 10).

Indiana 27 23 29 20— 99
Detroit 38 27 35 22—122
Schrempf 9-14 7-8 26, Fleming 5-13 4-5 14; Aguirre 12-16 4-4 26, Thomas 9-18 6-6 24. Rebounds: Indiana 55 (Schrempf 12), Detroit 52 (Laimbeer 12). Assists: Indiana 18 (Fleming 5), Detroit 29 (Thomas 9).

Orlando 32 23 29 32—116
Chicago 35 29 30 33—127
Catledge 9-18 8-10 27, Anderson 6-9 5-6 17, Green 5-6 7-10 17; Jordan 19-31 3-3 43, Pippen 7-12 5-7 19. Rebounds: Orlando 54 (Green 10), Chicago 54 (Grant 9). Assists: Orlando 26 (Vincent 8), Chicago 40 (Pippen 12).

Philadelphia 26 30 20 24—100
Dallas 16 25 22 16— 79
Dawkins 10-16 1-1 21, Gminski 8-15 4-4 20, Anderson 8-14 4-7 20; Perkins 9-17 1-2 19, Blackman 5-16 4-5 14. Rebounds: Philadelphia 60 (Barkley 18), Dallas 45 (Donaldson 10). Assists: Philadelphia 27 (Barkley 7), Dallas 20 (Blackman 8).

Miami 30 26 27 27—110
Seattle 25 27 36 58—146
Rice 11-19 4-4 27, Seikaly 7-10 3-8 17; Ellis 13-15 0-0 26, Barros 8-15 2-2 22. Rebounds: Miami 38 (Seikaly 11), Seattle 48 (Kemp 9). Assists: Miami 26 (Douglas 6), Seattle 33 (A.Johnson 17).

Utah 24 19 26 22— 89
Portland 27 33 26 32—118
Stockton 9-10 0-0 20, Malone 6-15 6-10 18; Drexler 11-16 3-3 25, Duckworth 10-15 2-2 22. Rebounds: Utah 48 (Eaton 12), Portland 54 (Bryant 15). Assists: Utah 24 (Stockton 11), Portland 38 (Drexler 9).

SATURDAY'S RESULTS

Boston 34 19 25 24—102
Washington 25 23 26 14— 88
Parish 12-15 5-5 29, Lewis 10-21 1-2 21; Malone 15-28 3-4 33, King 6-14 5-6 17. Rebounds: Boston 56 (Parish 13), Washington 42 (Jones 10). Assists: Boston 25 (Johnson 9), Washington 25 (Walker, Eackles 7).

Indiana 35 28 25 23—111
Charlotte 33 26 30 28—117
Schrempf 6-12 10-10 23, Miller 8-18 3-6 20; Gilliam 11-21 6-9 28, Chapman 12-27 1-3 27. Rebounds: Indiana 62 (Thompson 18), Charlotte 51 (Gilliam 8). Assists: Indiana 19 (Fleming 8), Charlotte 33 (Bogues 12).

Cleveland 28 28 26 41—123
Orlando 34 25 37 26—112
Brown 12-17 6-7 30, Nance 11-16 2-2 24; Catledge 11-20 5-8 27, Smith 8-13 3-4 19. Rebounds: Cleveland 53 (Nance, Williams 10), Orlando 54 (Acres 9). Assists: Cleveland 30 (Price 12), Orlando 24 (Vincent 7).

New Jersey 35 24 23 14— 96
Atlanta 29 24 27 25—105
Morris 6-16 7-8 19, Blaylock 8-14 0-0 16; Malone 7-16 12-12 26, Wilkins 7-12 8-9 22. Rebounds: New Jersey 52 (Morris 10), Atlanta 72 (Willis 13). Assists: New Jersey 17 (Blaylock 7), Atlanta 13 (Webb 7).

New York 24 25 37 20—106
Detroit 21 34 30 32—117
Ewing 9-21 11-12 29, Newman 6-12 5-8 18; Dumars 8-14 13-13 29, Thomas 8-16 4-4 20. Rebounds: New York 53 (Oakley 12), Detroit 45 (Rodman 9). Assists: New York 17 (Jackson 9), Detroit 29 (Thomas 15).

Philadelphia 27 27 28 29 8—119
Houston 29 37 30 15 13—124
Dawkins 12-25 1-1 26, Hawkins 10-18 6-7 26, Olajuwon 11-18 7-9 29, Johnson 11-22 6-6 28. Rebounds: Philadelphia 53 (Mahorn, Gminski 14), Houston 53 (Olajuwon 15). Assists: Philadelphia 23 (Dawkins 8), Houston 32 (Floyd 19).

Minnesota 21 19 25 21— 86
San Antonio 30 26 24 29—109
Roth 8-15 8-9 24, Campbell 6-14 8-10 20; Cummings 9-19 4-7 22, Robinson 6-9 10-14 22, Anderson 8-14 6-6 22. Rebounds: Minnesota 45 (Corbin, Mitchell 9), San Antonio 59 (Anderson, Cummings 11). Assists: Minnesota 18 (Roth, Richardson 6), San Antonio 23 (Anderson 6).

Chicago 33 30 20 28—111
Milwaukee 30 34 32 22—118
Jordan 13-23 6-7 35, Cartwright 5-10 8-9 18; Sikma 7-11 5-5 21, Grayer 8-12 2-3 18, Robertson 9-15 0-0 18, Pierce 7-16 1-2 18. Rebounds: Chicago 39 (Grant, Pippen, Jordan 9), Milwaukee 46 (Robertson 10). Assists: Chicago 18 (Paxson 7), Milwaukee 31 (Robertson 7).

Utah 25 26 27 33 12—123
Denver 26 31 31 23 9—120
Malone 20-34 8-12 48, Hansen 8-9 1-2 17; Davis 16-24 4-4 36, Lever 8-19 3-5 19. Rebounds: Utah 53 (Malone 14), Denver 50 (Rasmussen 11). Assists: Utah 33 (Stockton 15), Denver 30 (Lever 7).

Phoenix 32 26 30 22—110
Seattle 32 24 28 36—120
K.Johnson 11-17 9-11 31, Chambers 7-19 9-13 23; McDaniel 12-18 5-7 29, Ellis 9-17 5-6 24. Rebounds: Phoenix 53 (West 15), Seattle 60 (Cage 10). Assists: Phoenix 13 (K.Johnson 4), Seattle 22 (A.Johnson 11).

L.A. Lakers 29 30 34 38—131
Golden State 31 32 37 33—133
Worthy 14-24 1-1 30, Green 11-21 5-10 27; Teagle 14-22 7-7 35, Mullin 9-19 4-9 26. Rebounds: Los Angeles 60 (Green 18), Golden State 53 (Mullin 12). Assists: Los Angeles 35 (Johnson 16), Golden State 25 (Hardaway 11).

Portland 27 34 30 31—124
Sacramento 31 29 31 30—121
Porter 6-8 11-13 25, Drexler 7-17 7-8 21; Tisdale 12-18 6-10 30, Ainge 8-15 5-6 23, Smith 10-18 2-2 22. Rebounds: Portland 52 (Bryant 8), Sacramento 40 (McCray, Tisdale 10). Assists: Portland 26 (Porter 9), Sacramento 27 (Ainge 8).

Selected College Scores

FRIDAY'S RESULTS

Hartford 87, Siena 80
Holy Cross 89, Iona 68
Seton Hall 76, St. Peter's 57
California 95, Oregon 72
Gonzaga 85, Whitman 56
Oregon St. 77, Stanford 76
S. Utah 94, Northridge St. 79

TOURNAMENTS

Florida Today Holiday Classic
Florida Tech 71, George Washington 53
Murray St. 72, Alcorn St. 50

Tangerine Tournament
Valparaiso 90, Central Florida 89

SATURDAY'S RESULTS

EAST

Boston U. 71, Vermont 67
Colgate 88, New Hampshire 86
Connecticut 79, Pittsburgh 61
Cornell 96, Army 70
Dartmouth 75, Harvard 74
Fairleigh Dickinson 62, Marist 58
Georgetown 93, Providence 91
Hofstra 80, Columbia 71
James Madison 90, South Alabama 84
Lafayette 70, Brown 61
Loyola Marymount 121, La Salle 116
Manhattan 70, Canisius 65
Massachusetts 64, Penn St. 52
N. Carolina St. 74, Temple 71
Princeton 56, Penn 44
Rhode Island 86, Rutgers 74
St. Francis, NY 74, Long Island U. 63
St. John's 77, Boston College 65
Villanova 93, Syracuse 74
West Virginia 105, St. Bonaventure 65
Yale 68, Fairfield 53

SOUTH

Ala.-Birmingham 64, Old Dominion 61
Alabama 66, Mississippi 48
American U. 79, William & Mary 64
Appalachian St. 78, Tn.-Chattanooga 56
Austin Peay 79, Marshall 78
Citadel 90, Furman 80
Clemson 82, Maryland 77
Duke 76, Virginia 68
East Carolina 75, Navy 55
Florida 97, Georgia 69
Florida St. 113, S. Mississippi 82
George Mason 66, N.C.-Wilmington 60
Georgia Tech 91, Wake Forest 79
LSU 77, Auburn 70
McNeese St. 99, Lamar 83
Memphis St. 97, Virginia Tech 77
Morehead St. 81, Md.-Baltimore County 60
New Orleans 90, Tennessee St. 74
North Carolina 95, Pepperdine 69
South Carolina 70, Tulane 63
South Florida 93, Miami, Fla. 77
Tennessee 82, Mississippi St. 77
Tennessee Tech 94, Miss. Valley St. 82
Vanderbilt 92, Kentucky 85
W. Kentucky 61, Jacksonville 58

MIDWEST

Ball St. 71, Bowling Green 65
Chicago St. 71, Grambling St. 63
Coastal Carolina 73, Cincinnati 72
DePaul 71, Loyola, Ill. 56
Detroit 97, Fla. International 74
Drake 63, Wichita St. 61
Indiana St. 77, Evansville 71
Kansas 94, Winthrop 57
Kansas St. 72, Iowa St. 68
Kent St. 82, E. Michigan 78
Miami, Ohio 82, Cent. Michigan 69
Michigan St. 64, Wisconsin 61
Minnesota 91, Illinois 74
Missouri 78, Oklahoma St. 68
Nebraska 99, Sam Houston St. 91
Ohio St. 79, Iowa 73
Purdue 93, Northwestern 77
W. Michigan 81, Ohio U. 72
Wright St. 101, Dayton 99
Xavier, Ohio 86, Marquette 80

SOUTHWEST

Arkansas 92, Texas Tech 75
Centenary 90, Hardin-Simmons 58
Houston 84, Rice 69
Southern Meth. 86, Bucknell 80
Texas 108, Baylor 89
Texas A&M 72, Texas Christian 71
Texas-El Paso 72, Wyoming 62
Tulsa 82, Creighton 77

FAR WEST

Arizona 81, Washington St. 61
Arizona St. 62, Washington 48
Brigham Young 63, San Diego St. 60
Montana 80, Nevada-Reno 70
Nev.-Las Vegas 100, San Jose St. 80
New Mexico 63, Colorado St. 61
Notre Dame 86, Southern Cal 81
Oklahoma 66, Colorado 61
St. Mary's, Cal. 73, San Francisco 68
Utah St. 83, Fullerton St. 82

TOURNAMENTS

Florida Today Holiday Classic
Murray St. 72, Florida Tech 62
George Washington 87, Alcorn St. 77

Tangerine Tournament
Rollins 82, Valparaiso 65
Slippery Rock 85, Cent. Florida 75

HOCKEY

NHL Standings

WALES CONFERENCE

Patrick Division	W	L	T	Pts	GF	GA
New Jersey	20	18	4	44	165	161
Philadelphia	18	19	6	42	157	144
Washington	18	20	4	40	139	143
Pittsburgh	18	20	3	39	168	177
NY Rangers	16	20	7	39	135	144
NY Islanders	17	21	4	38	145	158
Adams Division						
Buffalo	23	13	6	52	146	132
Boston	24	15	3	51	154	128
Montreal	21	17	5	47	138	124
Hartford	19	20	3	41	143	148
Quebec	7	28	6	20	126	193

CAMPBELL CONFERENCE

Norris Division	W	L	T	Pts	GF	GA
Chicago	24	15	3	51	171	154
Toronto	21	21	1	43	186	193
Minnesota	20	20	3	43	143	147
St. Louis	18	18	6	42	148	141
Detroit	14	22	6	34	137	159
Smythe Division						
Edmonton	22	13	8	52	170	139
Calgary	18	13	11	47	171	142
Los Angeles	20	18	4	44	189	174
Winnipeg	18	17	5	41	129	140
Vancouver	13	21	8	34	130	149

FRIDAY'S RESULTS

Vancouver 1 1 3—5
Washington 0 2 0—2
Bradley (13), Sutter (5), Larionov (12), Reinhart (7), Skriko (10); Ridley (14), Johansson (4). Shots on goal: Vancouver (on Mason) 9-12-7—28; Washington (on McLean) 11-17-6—34.

Hartford 1 2 1—4
Calgary 1 2 3—6
Verbeek (21), Francis (18), Dineen (13), Krygier (8); Ranheim (10), Otto (10), Roberts 2 (23), Mullen 2 (15). Shots on goal: Hartford (on Wamsley) 11-7-13—31; Calgary (on Whitmore) 15-12-7—34.

SATURDAY'S RESULTS

Washington 1 1 1—3
Boston 1 2 2—5
Ciccarelli (21), Leach (10), Hatcher (3); Bourque (8), Brickley (10), Neely 2 (29), Carpenter (12). Shots on goal: Washington (on Moog) 10-6-12—28; Boston (on Beaupre) 14-9-7—30.

Winnipeg 2 0 1—3
Pittsburgh 2 0 3—5
Boschman (4), Hawerchuk (10), Sykes (3); Lemieux (27), Bourque (11), Cullen 2 (17), Brown (16). Shots on goal: Winnipeg (on Barrasso) 17-11-10—38; Pittsburgh (on Essensa) 8-8-5—21.

Quebec 0 1 1—2
N.Y. Islanders 0 2 3—5
Hrkac (7), Goulet (18); Volek (9), Wood (10), LaFontaine (36), Maloney 2 (9). Shots on goal: Quebec (on Fitzpatrick) 8-11-11—30; New York (on Millen) 9-20-11—40.

Hartford 2 1 1 0—4
Edmonton 1 2 1 0—4
Francis (19), Jennings (2), Tomlak (3), Anderson (9); Tikkanen (18), Beukeboom (1), Tikkanen (19), Simpson (15). Shots on goal: Hartford (on Ranford) 9-9-6-6—30; Edmonton (on Sidorkiewicz) 7-10-8-1—26.

Los Angeles 2 1 1—4
Toronto 2 2 3—7
Gretzky (22), McSorley (9), Praisler (1), Makela (6); Thibaudeau (5), Marois (16), Olczyk (20), Marois 2 (18), Franceschetti 2 (12). Shots on goal: Los Angeles (on Bester) 9-11-15—35; Toronto (on Hrudey) 11-10-15—36.

Detroit 1 2 0—3
Minnesota 0 2 2—4
Shank (4), Burr (11), Gallant (20); Gartner 2 (25), Barber (2), Chambers (5). Shots on goal: Detroit (on Casey) 13-8-10—31; Minnesota (on Hanlon) 14-12-11—37.

Buffalo 1 1 1—3
Montreal 1 2 3—6
Hogue (4), Housley 2 (12); Richer (22), Corbonneau (8), Skrudland (4), Svoboda (3), Carbonneau (9), Corson (17). Shots on goal: Buffalo (on Hayward) 7-11-7—25; Montreal (on Malarchuk) 9-16-11—36.

N.Y. Rangers 2 1 0—3
St. Louis 1 0 3—4
Shaw (2), Ogrodnick 2 (26); Zezel (14), Hull (36), G.Cavallini 2 (7). Shots on goal: New York (on Riendeau) 13-8-4—25; St. Louis (on Richter) 11-10-15—36.

Philadelphia 1 0 4—5
Chicago 2 3 3—8
Mellanby (4), Poulin (7), Acton (8), Tocchet (21), Bullard (21); Sanipass (2), Secord (7), Creighton (20), Savard (18), Yawney (4), Thomas (17), Creighton (21), Graham (10). Shots on goal: Philadelphia (on Chevrier) 14-8-15—37; Chicago (on Wregget, Peters) 17-13-11—41.

TENNIS

WOMEN'S TOURNAMENT
In Brisbane, Australia
Singles Semifinals

Rachel McQuillan, Australia, def. Judith Wiesner (10), Austria, 6-3, 7-6 (7-3); Natalia Zvereva (6), Soviet Union, def. Brenda Schultz, Netherlands, 6-4, 6-1.

Final

Zvereva def. McQuillan, 6-4, 6-0.

MEN'S TOURNAMENTS
In Adelaide, Australia
Singles Semifinals

Jimmy Arias, U.S., def. Jean Fleurian, France, 6-2, 6-3; Thomas Muster (3), Austria, def. Sergi Bruguera (1), Spain, 2-6, 6-2, 7-6 (7-1).

Final

Muster def. Arias, 3-6, 6-2, 7-5.

In Wellington, New Zealand
Singles Semifinals

Emilio Sanchez (1), Spain, def. Paolo Cane (5), Italy, 7-5, 6-2; Richey Reneberg (8), U.S., def. Karel Novacek, Czechoslovakia, 6-7 (4-7), 6-4, 6-0.

Final

Sanchez def. Reneberg, 6-7 (3-7), 6-4, 6-4, 6-4, 6-1.

FOOTBALL

PLAYOFF SUMMARIES

Buffalo 7 7 7 9—30
Cleveland 3 14 14 3—34

First Quarter
Buf—Reed 72 pass from Kelly (Norwood kick), 9:56.
Cle—FG Bahr 45, 14:12.

Second Quarter
Cle—Slaughter 52 pass from Kosar (Bahr kick), 4:33.
Buf—Lofton 33 pass from Kelly (Norwood kick), 7:12.
Cle—Middleton 3 pass from Kosar (Bahr kick), 13:54.

Third Quarter
Cle—Slaughter 44 pass from Kosar (Bahr kick), 4:21.
Buf—Thomas 6 pass from Kelly (Norwood kick), 10:22.
Cle—Metcalf 90 kickoff return (Bahr kick), 10:37.

Fourth Quarter
Buf—FG Norwood 30, 1:08.
Cle—FG Bahr 47, 8:10.
Buf—Thomas 3 pass from Kelly (kick failed), 11:00.

Team Statistics

	Buf	Cle
First downs	24	18
Rushes-yards	18-49	30-90
Passing	404	235
Return yards	4	0
Comp-att-int	28-54-2	20-29-0
Sacked-yards lost	1-1	2-16
Punts	3-41	3-38
Fumbles-lost	2-1	1-1
Penalties-yards	6-35	5-30
Time of possession	25:44	34:16

Individual Statistics

Rushing: Buffalo, Thomas 10-27, Kinnebrew 7-17, Kelly 1-5. Cleveland, Mack 12-62, Redden 6-13, Tillman 1-8, Manoa 3-6, Metcalf 4-2, Langhorne 1-0, Kosar 3-(minus 1).

Passing: Buffalo, Kelly 28-54-2-405. Cleveland, Kosar 20-29-0-251.

Receiving: Buffalo, Thomas 13-150, Reed 6-115, Harmon 4-50, Lofton 3-66, Beebe 1-17, Kinnebrew 1-7. Cleveland, Langhorne 6-48, Newsome 4-35, Slaughter 3-114, Middleton 3-12, Mack 2-19, Brennan 1-15, Metcalf 1-8.

Missed field goals: Cleveland, Bahr 45.

Minnesota 3 0 3 7—13
San Francisco 7 20 0 14—41

First Quarter
Min—FG Karlis 38, 9:39.
SF—Rice 72 pass from Montana (Cofer kick), 10:02.

Second Quarter
SF—Jones 8 pass from Montana (Cofer kick), 1:59.
SF—Taylor 8 pass from Montana (kick failed), 9:42.
SF—Rice 13 pass from Montana (Cofer kick), 13:57.

Third Quarter
Min—FG Karlis 44, 1:46.

Fourth Quarter
SF—Lott 58 interception return (Cofer kick), 1:43.
SF—Craig 4 run (Cofer kick), 6:04.
Min—Fenney 3 run (Karlis kick), 9:13.

	Min	SF
First downs	25	22
Rushes-yards	21-86	32-162
Passing	299	241
Return Yards	16	133
Comp-att-int	31-54-4	17-25-0
Sacked-yards lost	4-39	0-0
Punts	5-26	4-31
Fumbles-lost	1-1	1-1
Penalties-yards	4-31	9-65
Time of possession	31:20	28:40

Individual Statistics

Rushing: Minnesota, Wilson 3-29, Walker 9-29, Dozier 3-13, Fenney 4-8, Gannon 2-7. San Francisco, Craig 18-125, Rathman 7-24, Flagler 5-13, Montana 2-0.

Passing: Minnesota, Wilson 9-17-2-84, Kramer 9-19-1-110, Gannon 13-18-1-144. San Francisco, Montana 17-24-0-241, Young 0-1-0-0.

Receiving: Minnesota, Jordan 9-149, Carter 4-44, Fenney 4-15, Anderson 3-18, Dozier 3-15, Gustafson 2-46, Lewis 2-19, Jones 2-18, Walker 2-14. San Francisco, Rice 6-114, Taylor 3-50, Rathman 3-29, Jones 3-24, Henderson 2-24.

Missed field goals: San Francisco, Cofer 31, 32.

L.A. Rams 0 7 0 6 6—19
N.Y. Giants 6 0 7 0 0—13

First Quarter
NY—FG Allegre 35, 4:33.
NY—FG Allegre 41, 14:05.

Second Quarter
LA—W.Anderson 20 pass from Everett (Lansford kick), 14:43.

Third Quarter
NY—O.Anderson 2 run (Allegre kick), 13:03.

Fourth Quarter
LA—FG Lansford 31, 2:09.
LA—FG Lansford 22, 11:59.

Overtime
LA—W.Anderson 30 pass from Everett, 1:06.

Team Statistics

	LA	NY
First downs	26	20
Rushes-yards	24-146	36-171
Passing	302	173
Return Yards	28	8
Comp-att-int	25-44-1	14-30-1
Sacked-yards lost	2-13	1-7
Punts	4-30	5-37
Fumbles-lost	1-1	3-0
Penalties-yards	5-35	4-59
Time of possession	28:19	37:47

Individual Statistics

Rushing: Los Angeles, Bell 19-87, McGee 3-34, Everett 2-25. New York, O.Anderson 24-120, Tillman 7-25, Simms 3-16, Meggett 1-7, Carthon 1-3.

Passing: Los Angeles, Everett 25-44-315-1. New York, Simms 14-29-180-1, Meggett 0-1-0-0.

Receiving: Los Angeles, Ellard 8-125, Holohan 5-48, Brown 3-35, Johnson 3-15, W.Anderson 2-50, McGee 2-31, Bell 2-11. New York, Meggett 4-52, Mowatt 3-52, O.Anderson 3-(minus 2), Baker 2-46, Manuel 1-24, Carthon 1-8.

Missed Field Goals: None.

SOCCER

ENGLISH FA CUP, THIRD ROUND

Birmingham 1, Oldham 1
Blackburn 2, Aston Villa 2
Blackpool 1, Burnley 0
Brighton 4, Luton 1
Bristol City 2, Swindon 1
Cambridge 0, Darlington 0
Cardiff 0, Queens Park Rangers 0
Charlton 1, Bradford 1
Chelsea 1, Crewe 1
Crystal Palace 2, Portsmouth 1
Exeter 1, Norwich 1
Hereford 2, Walsall 1
Huddersfield 3, Grimsby 1
Hull 0, Newcastle 1
Leeds 0, Ipswich 1
Leicester 1, Barnsley 2
Manchester City 0, Millwall 0
Middlesbrough 0, Everton 0
Northampton 1, Coventry 0
Nottingham Forest 0, Manchester United 1
Plymouth 0, Oxford 1
Port Vale 1, Derby 1
Reading 2, Sunderland 1
Rochdale 1, Whitley Bay 0
Sheffield United 2, Bournemouth 0
Stoke 0, Arsenal 1
Swansea 0, Liverpool 0
Torquay 1, West Ham 0
Tottenham 1, Southampton 3
Watford 2, Wigan 0
West Bromwich 2, Wimbledon 0
Wolverhampton 1, Sheffield Wednesday 2

ITALIAN FIRST DIVISION

Bologna 1, Juventus of Turin 1
Cremonese 0, Internazionale of Milan 1
Fiorentina 2, Bari 2
Lecce 2, Genoa 1
Milan 3, Cesena 0
Napoli 1, Ascoli 0
Roma 3, Udinese 1
Sampdoria of Genoa 2, Lazio of Rome 0
Verona 1, Atalanta of Bergamo 1

Standings: Napoli 27, Internazionale 25, Sampdoria and Roma 24, AC Milan 23, Juventus and Atalanta 21, Bologna 19, Lazio and Bari 18, Lecce 16, Fiorentina 15, Cesena 14, Genoa 13, Udinese 12, Cremonese and Ascoli 11, Verona 10.

SKIING

World Cup

MEN'S SLALOM
Saturday, in Kranjska Gora, Yugoslavia

1. Jonas Nilsson, Sweden 1 minute, 47.08 seconds; 2. Hubert Strolz, Austria 1:47.09; 3. Michael Tritscher, Austria 1:47.56; 4. Rudi Nierlich, Austria 1:47.62; 5. Bernhard Gstrein, Austria 1:47.68; 6. Ole-Christian Furuseth, Norway 1:48.08; 7. Paul Accola, Switzerland 1:48.16; 8. Peter Roth, West Germany 1:48.66; 9. Konrad Ladstaetter, Italy 1:48.95; 10. Grega Benedik, Yugoslavia 1:49.13.

Sunday, in Kranjska Gora, Yugoslavia

1. Armin Bittner, West Germany, one minute, 47.84 seconds; 2. Gstrein, 1:47.95; 3. Accola, 1:48.33; 4. Jonas Nilsson, Sweden, 1:48.59; 5. Tritscher, 1:48.72; 6. Ladstaetter, 1:48.83; 7. Furuseth, 1:48.84; 8. Alain Villiard, Canada, 1:49.20; 9. Paul Frommelt, Liechtenstein, 1:49.32; 10. Christophe Berra, Switzerland, 1:49.40.

OVERALL STANDINGS

1. Furuseth, 137 points; 2. Pirmin Zurbriggen, Switzerland, 126; 3. Bittner, 104; 4. Gstrein, 81; 5. Lars-Boerje Eriksson, Sweden, 77; 6. Guenther Mader, Austria, 75; 7. Marc Girardelli, Luxembourg, 64; 8. Ladstaetter, 48; 9. Strolz; Alberto Tomba, Italy; Franck Piccard, France; Thomas Stangassinger, Austria, 46.

WOMEN'S SLALOM
Saturday, in Piancavallo, Italy

1. Vreni Schneider, Switzerland 1 minute, 18.86 seconds; 2. Monika Maierhofer, Austria 1:20.24; 3. Claudia Strobl, Austria 1:20.51; 4. Anita Wachter, Austria 1:20.89; 5. Veronika Sarec, Yugoslavia 1:20.95; 6. Christine von Grunigen, Switzerland 1:21.03; 7. Anette Gersch, West Germany 1:21.22; 8. Mateja Svet, Yugoslavia 1:21.48; 9. Kristina Andersson, Sweden 1:21.54; 10. Ida Ladstaetter, Austria 1:21.55.

OVERALL STANDINGS

1. Michaela Gerg, West Germany, 133 points; 2. Wachter, 115; 3. Petra Kronberger, 100; 4. Schneider, 69; 5. Maria Walliser, Switzerland, 68; 6. Michela Figini, Switzerland, 64; 7. Regine Moesenlechner, West Germany, 62; 8. Karin Dedler, West Germany, 51; 9. Veronika Wallinger, Austria, 48; 10. Strobl; Diann Roffe, U.S.; Heidi Zeller, Switzerland, 47.

Henry, Anaïs and June: Tropic of Paris

International Herald Tribune

PARIS — The centenary of the birth of Henry Miller, the *rambunctious* demiurge of American letters, falls in 1991 and a Miller revival is on. Claude Chabrol has just completed a film of "Quiet Days in Clichy," shot in Normandy and Italy on the grounds that these were the only places he could find 1930s Paris.

MARY BLUME

and in the Epinay studios in the Paris suburbs the American writer-director Philip Kaufman has wound up shooting a biographical film, "Henry and June."

Kaufman, whose previous films include "The Right Stuff," on the Mercury astronauts and an adaptation, also shot in Paris, of the Czech writer Milan Kundera's "The Unbearable Lightness of Being," centers "Henry and June" on the years 1931-32 and describes it as in part a love song to the Paris of the period when the first great waves of expatriate writers had been driven home by the Depression and Miller led a joyously flat-broke bohemian life among international mountebanks and clowns.

"After 1932 Miller might almost be said to have had Montparnasse to himself," wrote Waverley Root who knew him for many years, "and he reaped the benefit of it." The earlier generation — Hemingway, Fitzgerald — which would have provided competition had gone home.

Like Chabrol, Kaufman had problems finding period settings. "It was almost as easy to find Prague in Paris as it was to find Paris in Paris," he says. While filming "Unbearable," as he rather unnervingly refers to it, Kaufman and his wife and co-writer, Rose, read "Henry and June," based on the unexpurgated diary of Anaïs Nin.

Nin, an implacably productive diarist from the age of 11 and better known for her diaries than for her fiction, never a good sign for a novelist, did not want the full account of her relations with Miller and his wife June to be published until the central characters were dead, so "Henry and June," published in 1986, is a new version of already printed material, a rewritten life.

Henry, bald, carnal and 40, is played by Fred Ward (Gus Grissom in "The Right Stuff"). The distinguished young Portuguese actress Maria de Medeiros plays Anaïs and has achieved an astonishing resemblance, both fragile and steady, with the bombé brow and tidily collected features that bespeak self-absorption. June is Uma Thurman, Cécile in "Dangerous Liaisons," tall, blonde and vixen-faced.

"We looked for about a year for June: somebody who is mesmerizing, mysterious, who had a gaze that was riveting and a lot of the qualities of the actresses of the 1930s," Kaufman said. There are only one or two extant pictures of June whom the photographer Brassaï, who knew the Millers and Nin well, describes as a figure from Les Fleurs du Mal, extremely pale, red-lipped, wayward, a *femme fatale to her fingertips*. The first time he saw her she was fighting with Henry.

While Henry and Anaïs immortalized their egos in print, June is a shadowy and, says Rose Kaufman, a tragic figure whose date of death is not even certain. "What are we? Only the creators," Nin wrote about her. "She *is*."

According to Brassaï, Henry and June met in a Broadway dance hall, where she was a taxi dancer, and then dined in a Chinese restaurant where she discussed Strindberg. She married Miller, left him for another woman, came back and gave him her savings so he could leave Brooklyn and become a writer in Paris.

The film, which Universal will distribute worldwide, takes place in a little over a year's time when June appears in Paris, departs and reappears. "During that time Anaïs has fallen in love with Henry but she also has a deep passion with June," Kaufman says. "They're both writing about June during this period, sitting together writing about June."

"She stirred their imagination, she stirred them to write, but Henry couldn't write with her around," Rose Kaufman says. "Though she inspires them, they cannot bear her in reality."

At the start of the film, Miller is sponging off an American lawyer, Richard Osborn, whose clients include Anaïs Nin, then living a suburban life in Louveciennes with her banker husband, Hugh ("Hugo") Guiler. Although neither Miller nor Nin was shy about recording romances, not even their friends knew they were having *the passionate affair revealed* in "Henry and June."

The film depicts the triangle and, say the Kaufmans, is a study of who is the liar, who is the human being, who loves the most. The shifting deceptions are such that the Kaufmans found themselves rewriting dialogue each evening as the rushes or the actors revealed new aspects of the relationships. Their result, says Philip, is intimate and as sexually charged as "Unbearable" was. He is not greatly worried about celebrating sex in these newly puritanical times.

"People accept so much in films in terms of violence, car chases, vulgar acting, poor aesthetic quality. To me, sexuality is related to the creative spirit, people who deny it are just afraid of the creative spirit."

Born in Chicago in 1934, Kaufman made his first film there in 1963 with a cast that included the writer Nelson Algren. The film was called "Goldstein" and was, he says, "a comic fable, a young man's search for truth." It had been preceded by *real-life* truth-searching on the road in Europe and the U.S. with the Kaufmans' *small son, Peter, now associate* producer of "Henry and June."

In Israel, Rose washed dishes in a kibbutz and Phil drove a tractor. Before that, Phil taught mathematics in a private school in Florence. Before that, both Kaufmans were graduate students at the University of Chicago and Phil was about to return to Harvard Law School when he turned the car left instead of right and they headed to Big Sur and Henry Miller instead.

This was in 1960 and Miller allowed them to pass the day with him (they saw him once again later, in Pacific Palisades). They also met Nin when they had returned to the University of Chicago after Europe and she came there to show avant-garde films by someone she called Ian Hugo, who was in fact her husband, Hugh Guiler.

"She was wearing a beautiful pink dress with a bow in her hair," Kaufman said. He spent an afternoon telling her his ideas for books and she told him to make films.

Kaufman clearly sees in "Henry and June" the sense of literary fellowship he sought in the '60s. One scene he especially likes has Miller toasting D.H. Lawrence and friendship.

"There was something about everybody toasting to their friendship that was very moving to me because that's something we were for — people who were trying to summon a life spirit together."

"I guess in some ways this film is a cry in the wilderness, it's about a time gone by, it's about writers, it's about literature, there's sexuality and things that are not talked about in other movies these days."

Rose demurs: "Who is a liar, who is a human being, who loves the most, that's an aspect of all of us really."

"Except that in the modern world, it's who's the liar, who's the human being, who earns the most," says Phil.

© G. Brassaï, courtesy of Gallimard

Henry Miller as seen by the photographer George Brassaï, Miller's wife June, and the Paris scene in the '30s, all play a part in the film "Henry and June."

LANGUAGE

The Trick of Treatying

By William Safire

WASHINGTON — We all remember the names of old battles and wars, but few of us are attuned to the nomenclature of peacemaking. "Faraway Places With Strange-Sounding Names," as the song had it, form the basis of much of the language of treatying.

When the Soviet premier recently announced a five-year plan that sounded like recycled Old Thinking, the Soviet economist Pavel G. Bunich rose in Moscow to denounce the compromises as an "economic Brest-Litovsk."

They all shuddered at the recollection in the Supreme Soviet, but only a relative handful of diplolinguists outside the Soviet Union caught the allusion: in 1918, at the town of Brest-Litovsk in eastern Poland, Germany and the other Central Powers took Russia to the cleaners, forcing the new Bolshevik regime to sign a treaty surrendering a vast area, including much of the Ukraine. After the Allies in World War I (which was at first called the Great War, not pessimistically numbered World War I) defeated the Central Powers with no help from Russia, Lenin abrogated the humiliating treaty with the beaten Germans; Stalin later justified an arms buildup to avoid "another Brest-Litovsk."

□

At a time of tectonic shift in world affairs, foreign-affairs types like to spice up their analyses with references to old treaties.

The more arcane, the better. *Another Munich* is much too widely understood by average people as the symbol of appeasement, just as *another Yalta* carries overtones of "secret agreements" to suspicious newspaper readers everywhere. The trick in diplolingo, city-name division, is to refer to unfamiliar places or events far back in history.

I caught myself pulling this stunt the other day, suggesting that worried Europeans hold "another Congress of Vienna"; that was the meeting in 1814-15 dominated by Francis I of Austria, Alexander I of Russia and Frederick William III of Prussia to decide the fate of the nations of Europe.

"Risking a Second Rapallo" was the headline over a Washington Times column by Patrick Buchanan. My old speechwriting colleague used the word in this way: "Rapallo! Inevitable consequence of Germanophobia." Whenever you have the need to describe a diplomatic end-around by a couple of losers at the expense of the would-be winners, try "another Rapallo"; that was the treaty signed in Italy by Germany and Russia in 1922 recognizing each other and renouncing war claims. France and the other Allies were outraged at the deal between the two pariah nations, in effect ending the isolation imposed upon them since the *Treaty of Versailles*. (That was the treaty that ended World War I, and the harshness of its terms was later claimed by some Germans to be the reason for resentment and the rise of Hitler; "another Versailles" is now a treaty whose severe terms motivate the loser to vengeance, or *revanchism*.)

How about a sweeping deal to deal comprehensively with all the problems of the continent? Try "another Locarno pact," a confabulation in the Swiss Alps that was hailed in 1925 by Aristide Briand, French foreign minister, as "the first concrete step toward a United States of Europe." (They're still leaving footprints in that concrete.) This gathering was noted for *the spirit of Locarno*, perhaps the first conjuring of "the spirit of" at international conferences. In the pact, Germany waived claims to Alsace and Lorraine — long a sore point with France — and this led to Germany's admission to the League of Nations; Locarno was renounced by Hitler in 1936, and "another Locarno" is an example of an idealistic scheme soon to be shattered.

Want to sow the seeds of long-range trouble? Try "another Potsdam," which split up Germany after World War II, and then recognized the Polish and Soviet occupation of German territory east of the Oder and Neisse Rivers, pending a peace treaty that has never been signed. When East and West Germany unify, Europe's attention will be fixed on the border that now separates East Germany from Poland; many Germans will turn what the Soviets will call *revanchist*.

Potsdam could be said to have produced *another Peace of Tilsit*, in which Napoléon and Alexander I forced the Prussian leader to give up much of the land west of the Elbe. Think about that: Do we want another Peace of Tilsit? Just asking the question intimidates your interlocutors.

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